

**Response to the Utility Regulator’s Draft Determination regarding NIE
Transmission & Distribution Price Controls 2012-2017**

1. Unite the Union is the largest Union in Britain and Ireland with over 1.75 million members covering both the Public and Private Sectors. In particular we are the biggest Union representing employees in the Energy & Utilities industry in both Great Britain and Ireland.
2. Unite represent the majority of employees within NIE who are employed predominantly within highly specialised trades comprising technicians, overhead lines repairers, cable jointers, plant maintenance technicians, metering electricians, team managers and specialist administration staff.

We have over 500 members within Northern Ireland Electricity (NIE), all of whom are employed with the aforementioned categories. We are concerned that the Utility Regulator (UR) has chosen to use the Standard Occupational Classification (SOCs) to compare NIE’s highly specialised and skilled workforce with the NI Mean Gross Salary because SOC’s are not reflective of specific skills and competencies required for specialist roles. A more appropriate comparator is direct benchmarking of similar roles using appropriate salary surveys or bespoke benchmarking.

However, given that the UR has chosen to use the SOC approach we will highlight our position using this approach. The most appropriate SOC’s for our members are SOC 5243 – Lines Repairers and Cable Jointers and SOC 3112 – Electrical / Electronic Technicians.

3. It should be noted that our members work with NIE on a high voltage network and are trained within NIE using modern apprenticeship techniques to a highly specialised standard that cannot be achieved through normal apprenticeships. Our members are required to work in complex, demanding and challenging situations where mistakes can cost lives. They work with minimal supervision and are required to regularly update their skills and knowledge and be reassessed regarding their competence. Their skill set is significantly higher than an electrician working outside NIE. The average cost of training an NIE apprentice is £70k and over a number of years we have worked in partnership with the company to ensure that all our members are employed on modern terms & conditions that facilitate maximum efficiency and effectiveness which benefits the company, the customer and our members.

4. These efficiencies are not reflected in the NI Mean Gross Salary which has been used by the Utility Regulator (UR) to compare NIE salaries. The source for the NI Mean Gross Salary is the Ashe Survey which Unite viewed in June 2012 and is the same source utilised by the UR and its consultants.

5. The UR states that average salaries at NIE Powerteam are above the Northern Ireland (NI) average. We disagree with this statement and we refer to the UR's own data provided using 08/09 and 09/10 comparisons with NI Mean Gross Salary. For category SOC 5423 (Lines Repairers and Cable Jointers) the NI Mean Gross Salary for 08/09 was £29,933; the NIE T&D Mean Gross Salary for 08/09 was £25,799 which is 16% lower than the NI Mean Gross Salary. For the year 09/10 the NI Mean Gross Salary was £27,769 and the NIE T&D Mean Gross Salary was £27,600. The NIE T&D Mean Gross Salary is based on a service business providing support to customers 365 days a year, 24 hours a day and includes costs such as standby, call out, overtime etc. A substantial

number of our members are on 42.5 hours per week and this also has to be factored into any comparison with the NI Mean Gross Salary. If Unite had not negotiated these modern terms and conditions with the company (which are highlighted later in our submission), the company would currently require a minimum of 200 additional employees to fulfil its business requirements.

6. Our members are also employed in SOC 3112 (Electrical / Electronic Technicians). The NI Mean Gross Salary for 08/09 was £34,867 and the NIE T&D Mean Gross Salary for 08/09 was £29,141, which is 20% lower than the NI Mean Gross Salary.

The NI Mean Gross Salary for 09/10 was £36,107 and the NIE T&D Mean Gross Salary for 09/10 was £29,413 which is 23% lower than the NI Mean Gross Salary.

Also within this category the majority of employees are on a 42.5 hour working week.

We do not agree therefore that our member's wages are above the NI Mean Gross Salary for the appropriate SOC's in the private sector in Northern Ireland. Even if our members were earning above the NI Mean Gross Salary we believe this could be justified based on the specialist skill levels required, the challenging nature of the work and the continual need to be on standby and generally available 24 hours a day, 7 days a week as part of a customer focused business.

Furthermore we do not believe that NI is the appropriate benchmark for our members any longer, given that they are a mobile workforce who can work anywhere across the UK and beyond. In recent years we have

seen an increase in the number of our members leaving NIE to take positions throughout the UK.

We have witnessed a significant increase in demand for High Voltage Craftspersons across the UK, ROI and beyond. This is driven by a number of factors:

- The ageing workforce within the sector where large number of our members are “baby boomers” and who can retire over the next 5-10 years.
- The Renewal Energy Sector both offshore and onshore where billions will be invested and there will be significant labour requirements which have not yet taken effect.
- The need to replace ageing assets across the UK and the investment plans of comparable T&D businesses who themselves have skills shortages.

Our evidence suggests that NIE salaries for Skilled Craftspersons are on average 10-15% behind the rest of the UK.

It should be noted by the UR that Unite, since the privatisation of NIE, have agreed significant changes to their members’ terms and conditions and these have been negotiated and current salaries reflect the modern terms and conditions that are currently in place. In partnership with the company, changes in working practices have resulted in employee numbers reducing from **3,000** at privatisation to **c.1,300** today. A reduction of this nature can only be achieved through significant increases in productivity as a result of increased working hours, more flexible working arrangements etc. Unite have co-operated with the company in extremely difficult areas, for example, the closure of the Final Salary Pension Scheme in 1998 (NIE being one of the first DNOs

to do so); the facilitation of longer working weeks to maximise productivity and a reduction in overtime payments to our members have not been easy discussions and have been negotiated by achieving modest increases in basic salaries.

All of these efficiency improvements are reflected in the current hourly rates and annualised salaries of our members.

A summary of key changes is as follows:

- 1998 Final Salary Pension scheme closed.
- 2000 The following changes to terms and conditions:
 - Longer working weeks (39.5, 40 & 42.5 hr weeks);
 - New employees receive on average 5 days less leave in line with contractor benchmarks;
 - Vehicle trackers fitted to facilitate more efficient employee utilisation and more efficient operation of the company's fleet;
 - Home to site working introduced to maximise the working day;
 - Skills based progression arrangements have been introduced to improve efficiency by broadening skills sets and aligning salary progression to skill levels.
 - Incentive schemes have been introduced to improve productivity;
 - We agreed through negotiation the removal of rostered days off which were a significant benefit to our members and rewarded them for flexible working.

7. In 2000 we agreed that the majority of our members within NIE would be TUPE'd into NIE Powerteam to facilitate NIE Powerteam being compared directly with contractors. The terms and conditions agreed with NIE Powerteam in 2000, which have been previously referred to, were aligned with contractors' and were benchmarked directly against competitors within NI to ensure that NIE Powerteam could deliver a cost effective service.

All our members within NIE Powerteam regard themselves as NIE employees and **strongly resent** the fact that the UR has said that they should be treated as any other 3rd party supplier of services. As a result of the efficiencies achieved within NIE Powerteam, services that were previously outsourced were progressively brought back in-house and delivered more efficiently by NIE Powerteam than by contractors. For example, tree cutting, call handling and meter reading were insourced over the past number of years. Meter reading access rates by contractors was 60% however within a short period of being insourced to NIE Powerteam the access rates increased to 80%. Sickness absence levels within NIE reduced from over 5% at privatisation to 2.22% last year, private sector is between 3.4 – 3.7. This level of sickness absence reflects the overall commitment and effectiveness of our members who work outdoors in conditions that at times are extremely challenging and dangerous.

Conclusion

The view of Unite is that the Utility Regulator has relied upon general data and the salary analysis undertaken by UR is inaccurate and lacks a detailed understanding of the skills requirements of our members within NIE and of the skills shortages within the sector generally.

We very strongly refute the assertion that NIE Powerteam should be treated like any other 3rd party supplier given that the majority of our members were TUPE'd from NIE into NIE Powerteam and have delivered significant efficiencies for the company and customers and are constantly on standby to deliver for the customer 365 days a year, 24 hours a day and view themselves as NIE employees.

Finally we would wish to meet with the Chief Executive to discuss the Utility Regulators minded position contained within the draft proposals. I look forward to receiving your response on this matter.

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Unite