

**Business for Britain submission to the UK Government's Balance of Competence review
January 2014**

Social and Employment law

Introduction

Business for Britain is an independent, non-partisan campaign for a better deal from the European Union. Launched in April 2013, Business for Britain's founding statement has now attracted the signatures (in a personal capacity) of over 750 British business leaders, including John Caudwell (Phones4u), Sir Rocco Forte (Rocco Forte Hotels), Robert Hiscox (Hiscox), Lord Kalms (Dixons plc.), Julie Meyer (Ariadne Capital), Sir Stuart Rose (Ocado), Lord Wolfson (Next plc.) and many more. The campaign's Co-Chairmen are Alan Halsall, who runs Yorkshire-based Silver Cross, the UK's sole-surviving pram manufacturer and John Mills, Chairman of consumer products company JML Ltd and the largest individual donor to the Labour Party. The Chief Executive is Matthew Elliott, founder of the TaxPayers' Alliance and Big Brother Watch, and Campaign Director of the NOtoAV campaign in the 2011 Alternative Vote referendum.

The information provided in this submission is based on Business for Britain's polling of UK business leaders (conducted by YouGov) as well as our own research on the impact of European policies and regulations on UK businesses in this area.

Our polling of business leaders, along with interviews and business surveys conducted over the past six months, has led Business for Britain to conclude that the current balance of power between Britain and the EU is **not** appropriate. Polling has shown that British business leaders think that the costs of the Single Market outweigh the benefits of EU membership and that powers should flow back to the UK in treaty change. This short paper examines both the general and specific concerns British business has expressed with European social and employment law.

The review is tasked with providing an analysis of the implications of the UK's EU membership for the UK national interest. Business for Britain believes that there are important concerns that need to be addressed, and has proposed certain recommendations. While we recognise that the Review of Competences is not tasked with providing recommendations, we also note that the EU is a developing institution, whose remit is

subject to change. Our proposals highlight the more general concerns that British business leaders have with the EU, as well as how future action could be taken unilaterally, if necessary, without compromising the Single Market.

To that end we have also submitted a copy of our first set of recommendations: 'Setting out the British Option: Liberating 95% of UK businesses from EU red tape' for consideration and our polling paper 'Britain and the European Union: What business thinks'.¹

Business for Britain's firm view is that the opinions of business leaders, entrepreneurs and others engaged with the private sector should be considered seriously when deciding if a proposal is in the 'national interest'. If business leaders say – as they do – that the current terms of EU membership are causing problems for their businesses, then this should be seen as a serious impact on national interests.

This paper reflects the views of businesses of all sizes and all types (exporting vs. non exporting). Unlike other groups, its conclusions are not solely based on limited membership surveys, but on a poll - conducted by YouGov in 2013 - of 1,000 business leaders based across the country and representative of size and sector. We believe that the views of business people need to be seriously considered when deciding whether the current balance of competences is appropriate.

1. To what extent is EU action in this area necessary for the operation of the single market?

Regulation in this area has been seen, so far, as the price that has to be paid for allowing British firms to access the European markets while protecting the integrity of the Single Market. However, Business for Britain argues – via its new recommendation, The British Option, that the full burden of European regulation should only apply to firms that export to the EU. 95% of companies do not export to the EU, so should be free to opt out of European regulation which has been identified by Parliament as onerous and unnecessary for firms who wish to export to the Single Market. So long as measures are introduced to prevent them from trying to export without comply with the all relevant European laws. Please see 'Setting out the British Option: Liberating 95% of UK businesses from EU red tape' for more information.

¹ <http://forbritain.org/what-business-thinks.pdf>

2. To what extent are social and employment goals a desirable function of the EU in their own right?

Business leaders look extremely negatively at the EU's social and employment goals. This is seen as attempts to create a 'social market' rather than Single Market and was widely perceived as the EU attempting to encroach on areas that didn't pertain to it. When asked who should be in control of employment law and working qualifications 76% said that the UK should be in control, only 19% of businesses said the EU should be in charge. This is in keeping with similar questions that were asked - 74% said that the UK should be control of health and safety regulations, 22% said that the EU should be in charge (see Chapter 3 in our polling paper 'Britain and the European Union: What business thinks' for more detail²). It is clear that, for the vast majority of British businesses, social and employment goals are **not** seen as a desirable function of the EU in their own right.

3. What domestic legislation would the UK need in the absence of EU legislation?

Successive governments have made it clear that there are serious problems with European social and employment legislation. Business for Britain has set out the process that would be needed for Parliament to decide which laws should be implemented in the UK. Please see 'Setting out the British Option: Liberating 95% of UK businesses from EU red tape', sections 4.2 and 4.3 for more information. We would argue that it is wrong, at this stage, to try and determine which laws would be needed. It is for Parliament to decide what legislation is needed in lieu of the EU.

4. What evidence is there that EU action in social policy advantages the UK?

Some businesses did approve of social policy advantage in interviews, but these were the distinct minority. For many it was seen as a source of confusion as laws were badly interpreted by compliance officers. Clarification was usually appreciated – although most businesses saw many EU laws as being fundamentally flawed and badly drafted.

5. What evidence is there that EU action in social policy disadvantages the UK?

Please see answer to question 1.

6. Are there any other impacts of EU action in social policy that should be noted?

² <http://forbritain.org/what-business-thinks.pdf>

N/A

7. What evidence is there about the impact of EU action on the UK economy? How far can this be separated from any domestic legislation you would need in the absence of EU action?

Polling evidence described above shows that UK business leaders see EU regulation and EU action as a major burden, and that the costs outweigh the benefits. This was confirmed and articulated in interviews with Business for Britain. There was a view – shown in our poll – that Parliament, as a much more accountable and perceived as a more democratic institution was superior. There was much greater faith in the UK Parliament and a belief that it would respond to the concerns of business much more efficiently than the EU.

8. How might the UK benefit from the EU taking more action in social policy?

See answer to question 4.

9. How might the UK benefit from the EU taking less action in social policy, or from more action being taken at the national rather than EU level?

Detailed recommendations for reducing the scope of the EU over domestic businesses and the possible benefits is described in ‘Setting out the British Option: Liberating 95% of UK businesses from EU red tape’

10. How could action in social policy be undertaken differently? For example, are there ways of improving how EU legislation is made e.g. through greater adherence to the principles of subsidiarity and proportionality or the ways social partners are engaged?

Again, please refer to ‘Setting out the British Option: Liberating 95% of UK businesses from EU red tape’ for a detailed explanation of how the system could be organised differently.

11. How else could the UK implement its current obligations in this area?

Again, please refer to ‘Setting out the British Option: Liberating 95% of UK businesses from EU red tape’ for a detailed explanation of how the system could be organised differently.

12. What future challenge/opportunities might the UK face in this area and what impact might these have on the national interest?

Since the current government came to power the EU has introduced over 3,580 laws affecting British business. Our polling would suggest that, considering UK business leader's negative view on the amount of regulation, such harmonisation and the introduction of new laws are not the solution to the problem, but are actually constitute a problem in their own right.

Deeper integration, and support for 'ever closer union' has spurred concerns that the EU may attempt to introduce more regulation in the near future. As shown above, Business for Britain's poll has shown that more regulation is viewed negatively.

Information compiled by

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