

BALANCE OF COMPETENCES REVIEW SUBMISSION

Introduction

Arco is the UK's leading Safety Company, distributing quality products and training and providing expert advice helping to shape the safety world and make work a safer place. Founded in 1884 and with a heritage spanning 4 generations, Arco integrates traditional family values with pioneering innovation to offer its 110,000 customers a world-class range of over 170,000 quality assured, branded and own brand products, including personal protective equipment, clothing, footwear, gloves, workplace safety and hygiene products. Headquartered in Hull, Arco reaches its customers through its extensive product catalogue, interactive website and 44 strong trade counter network. The company has sales of over £240m and employs approximately 1500 people.

Arco is dedicated to its Corporate Social Responsibility policy and continually demonstrates its support of local business communities and charitable organisations, donating in excess of 1% of pre-tax profits annually. In 2007, Arco became a member of the Ethical Trading Initiative (ETI) and in 2010 a member of Sedex, the Supplier Ethical Data Exchange. The company has also received the highly prestigious Family Business Honour by JP Morgan's Private Bank and the Institute of Family Business (IFB). Going forward, Arco further demonstrates its position as the UK's leading safety company as the exclusive supplier of PPE, footwear and workwear to the BLOODHOUND project's support team involved with the design, build and race of a car to raise the world land speed record to 1,000mph in 2015. For more information, visit www.arco.co.uk.

This submission focuses on several of the questions outlined in the consultation document. Overall we believe that the EU has a vital role to play in regulating health and safety, and that the current balance between the EU and the UK is broadly satisfactory.

Social policy and health and safety as a sub-set of that, is a fundamental good in its own right, however it also makes good economic sense, too.

- It reduces days lost to industrial injury. 27 million days were lost in 2012; many because of simple incidents such as workplace falls that could have been prevented if adequate precautions were taken, accompanied by thorough education.
- The total cost of this to the UK economy, according to HSE estimates, is £13.4 billion per year.

Why therefore does it make sense to do this at EU rather than at member state level?

- Arco believes that it is necessary, in order to ensure that a regulatory race to the bottom in health and safety legislation does not take place. Without common EU standards, market forces could result in lower standards in some member states and a decline in safety for workers. This would also of course have an impact upstream on company costs.
- It is also to ensure that a common set of technical standards, to make it easier for companies such as Arco selling health and safety equipment across the EU/EEA, but far more significantly, to ensure that companies with pan European operations have one set of standards to meet and to reduce confusion/bureaucracy as a result.

From our experience, the standards in place protect counterfeit goods from entering the market, something Arco supports given the extent of our trading across member states. We are also active on the British Safety Industry Federation's Registered Safety Suppliers Scheme. Companies displaying the scheme's logo have signed a binding declaration that the safety equipment they offer meets the appropriate standards, fully complies with the PPE regulations and is appropriately CE marked.

Answers to selective questions are covered below. In certain cases, we have also grouped together several questions.

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

EU action is desirable for the operation of the single market, but any action taken should seek to create a level playing field across member states. Arco supports the idea of a pan European market and indeed works across a wide European market in the distribution of our equipment. If each member state implements its own standards which may or may not go further than the EU standard, it can cause confusion and misunderstandings in the process. We would like to see the harmonisation of EU standards with EN norms to help create a balance between people and products in the market.

Given the nature of our work, we would like to see more research into how people buy to help address the above. More insight into buying behaviour would assist businesses such as our own as we are aware that buyers across Europe all have a different perception of what is viewed as pan-European. All buyers want products which meet the same standards, but there are often nuances in the same products across each member state.

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

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

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

Minimum standards vary across the EU, and as noted by the consultation paper, 'in the field of health and safety the Treaty only confers competence on the EU to adopt "minimum requirements for gradual implementation". Member states then have the choice to go further than the EU requirements, a term which is often referred to in the UK as 'gold plating.' On many occasions in the past, the problem has not been EU legislation per se, but the overzealous way in which it has been implemented in the UK. The UK has historically been heralded for its health and safety record; however this is not the case in all EU countries, and the Government should ensure that any rebalancing of the competences between the EU and member states does not result in a lessening of health and safety standards, to accommodate those countries whose standards are lower than the UK's. We do however welcome and understand the measures being undertaken by the UK Government in its Red Tape Challenge to reduce the burden of gold plating.

The Health and Safety at Work etc. Act 1974 has previously offered adequate protections to workers, and as a result, the number of fatal and non-fatal injuries in the UK has fallen sharply over the last 30 years – more sharply than in the wider EU. However, the interface of the Act with European legislation is critical, and many of the detailed standards for products originate from European legislation.

We would also note that the European Commission is currently undergoing a major review of health and safety legislation which is expected to be completed by 2015. It is a critical time for this review at present – and it is important that nothing is done to reduce the effectiveness of the UK's engagement with it. Indeed, it is important to ensure that the UK is involved and engaged in this review in a transparent and effective manner, with DWP and the HSE both consulting widely on the position they adopt.

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?

Arco would welcome more evidence on the impact of EU action on the UK economy. The evidence base is not sufficiently robust to demonstrate how the UK economy would function if there had been no EU intervention. Whilst regulatory costs may have been lowering, more working days may have been lost as a result. More detailed economic analysis is required on the balance between the two. This is something which Arco could assist with.

Given the work that Arco carries out, we have a wide reach through our customer base on the impact of health and safety regulations, and examine how changes can be made for the benefit of employees. Improvements to existing regulation could be gained from sharing knowledge on health and safety, and demonstrating best-practice techniques. Through the knowledge that we acquire from regular surveying of our customer base of 60,000 trading accounts and 10,000 SME customers, we gain regular insights into how government policies, both at EU and UK level, actually impact upon businesses.

The disparity in regulation across the EU can be perceived as being anti-competitive to UK market as it creates trading barriers due to the increased costs the UK must comply with in comparison to other countries. More evidence on the financial impact of complying with health and safety legislation in each member state would be welcome from our perspective.

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

In general the perception of health and safety regulations by many businesses is that they are a burden. However many do not take into account the benefits which health and safety legislation can bring to businesses. Many do not consider that investment in health and safety could be less expensive than the costs which may be incurred through injury, and the personal impact of injuries. Should further action be taken to create a more level playing field across the EU for health and safety, this would benefit the UK.

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

Should the EU review of health and safety take a similar deregulatory path to that of recent legislation in the UK such as the draft Deregulation Bill and the Enterprise and Regulatory Reform Act 2013, we have concerns about the impact

this may have on employees. It is critical that the Government, both through DWP and the HSE are fully engaged in this review.

As mentioned previously, Arco would welcome a more evidence based approach to EU regulations on health and safety.

We are concerned that the HSE has reduced its engagement in Europe, which is perhaps a result of financial constraints. Coupled with the fact that the HSE does not have an automatic place on the EU's Advisory Committee on Safety and Health at Work (ACSH) working parties, and that they have to work through other government representatives or employer/worker representatives, this could result in UK interests not being adequately represented in the EU and for the UK proportionate approach being replaced by absolute regulations.