

## BHA Response to Balance of Competences Social and Employment Review

Dear Balance of Competences Team,

The British Hospitality Association is the national representative association for the hotel, restaurant and catering industry. The UK hospitality industry employs some 2.7 million people in about 180,000 businesses, over 80 per cent of which are micro businesses and over 97 per cent are micro or small enterprises.

Social and employment competence:

Hospitality is an international business and encourages many of those who work in it to develop skills, such as those related to different cuisines and to languages, by working in different countries. With such mobility effectively available only to those citizens resident within the EEA, it seems reasonable that these citizens should be able to rely on minimum employment standards everywhere in the EEA, but not that those standards should necessarily be identical in each Member State.

Impact on the National Interest:

Wage and related costs broadly absorb around 30 to 35 per cent of turnover in hotel operations and 40 per cent in restaurant operations. Overall, these costs are in the region of £30 billion a year in total. In so far as legislation has contributed to increases in these costs in recent years, the main responsibility lies with the National Minimum Wage (which is, of course, domestic legislation) and the Working Time Directive, the latter notably in relation to holiday pay. However, since minimum paid holiday entitlement under the UK regulations exceeds that laid down in the Directive, it is hard to attribute this cost when it arises now to the EU legislation. Other employment Directives have had an impact on the hospitality industry, notably those relating to Part-Time and Fixed-Term employment, especially the former, given that half of our industry workforce is part-time (source: Sector Skills Council, People 1<sup>st</sup>). More recently, the Agency Workers' Directive has had an impact, given that, at any one time, around 100,000 agency workers can be working for hospitality industry businesses.

However, in direct cost terms, the only significant source of these arising from EU legislation has been the Working Time Directive in relation to holiday pay and, as indicated above, domestic legislation on holiday entitlement has now effectively replaced it. The real concerns with EU employment legislation are therefore about complexity, especially for small businesses, which represent the overwhelming majority of UK hospitality operators. Notably, the requirements around the 48 hour opt out have been a continuous concern since the Directive's introduction.

Future Options:

From the above, our preference would be for a minimum of future legislative activity at EU level. Where this would involve new legislation, for example, the draft Pregnant Workers' Directive, the current block on progress is helpful. However, the impasse on changes to the Working Time Directive means that concerns such as the bureaucracy associated with the opt out and the continuing uncertainty over the on-call provisions cannot be resolved. Where there has been new legislation in the past, the experience has been that social partner legislation (on part time and fixed term employment and on parental leave) has not been more damaging in cost terms than

would have been legislation from the 'usual' European institutions, notably the Parliament.

I confirm that we have no objection to this response being made publicly available.

Yours faithfully,

BHA