

# POLICY PAPER

## WORKING TIME DIRECTIVE

### IMPORTANCE OF MAINTAINING THE OPT-OUT

The Working Time Directive (WTD), which came into effect in the UK on 1 October 1998 as part of EC regulation, has been put in place to protect the health and safety of workers, an issue SCC fully endorse. However, we believe the directive should not be to the detriment of business growth and flexibility. As Britain struggles to emerge from recession, it is essential businesses are able to be adaptable in order to operate competitively. Current threats to the Opt-out agreement are considered unnecessary and counter productive.

The SCC highlight the importance of retaining the 'Opt-out' agreement within the UK which is of mutual benefit to employers and employees.

Employers often apply the opt-out because it enables staffing costs to be limited by reducing the number of staff needed, it also provides flexibility to meet increased customer demand when required. Certain industries are also heavily reliant on the opt-out due to the nature of their work. From an employee perspective, it allows workers to have a choice over the amount of hours they work, which in some cases may have a significant effect on their take home wage.

This is especially the case for the SME sector within Scotland which accounts for over 98% of existing enterprises. SME members are stating the need to invest greater man hours into ensuring the survival and growth of their business during uncertain times.

There is also the added effect of current skill shortages in Scotland within such areas as engineering, oil and gas, technology, tourism, hospitality and construction. This means within certain sectors there is a lack of available workers, necessitating those with the required skill sets to work longer hours, because there is quite literally, no-one else to do the job.

More specifically, the opt-out clause is critical in Scotland to the Heavy Industrial engineering sector which includes Oil and Gas and Power Generation. Industries Scotland is seriously dependent upon for wealth creation.

As is well documented, the Oil and Gas is Scotland's largest exporter, contributing £40 billion to the UK balance of payments and provides over 150,000 skilled jobs in Scotland alone. The opt-out clause is essential to this sector due to the nature of their work. Often rigs or plants will need to shut down for reasons such as system failures, weather damage or routine maintenance. Companies conduct a cost analysis on the production time lost and the labour needed to return to optimal plant production. It is often the case that plants engage overtime from their contractors as a means to restore profitable production levels as soon as possible. It is therefore necessary for contractors to opt-out because work that is needed to be immediately performed may mean additional hours required would push them over their 48 hour work limit set by the WTD.

By abolishing the opt-out agreement within the UK, it is estimated that around 3.2 million people will be affected. The cost to the British economy of losing the opt-out runs at approximately £12 billion (Open Europe, 2009).

From a SCC perspective, we are not opposed to additional safeguards to the WTD, as we believe it is essential that any abuse of the opt-out is curtailed.

However, we believe the abolition of the opt-out agreement is unnecessary and would have far reaching and damaging implications to business competitiveness.