

# **Proposals for amendments to the Health and Safety Information for Employees Regulations 1989**

## ***Impact assessment***

## Summary: Intervention & Options

<b>Department /Agency:</b> <b>HSE</b>	<b>Title:</b> <b>Impact Assessment of Health and Safety Information for Employees Regulations (HSIER)</b>	
<b>Stage:</b> Options	<b>Version:</b> 2	<b>Date:</b> 1 May 2008
<b>Related Publications:</b>		

**Available to view or download at:**

<http://www.hse.gov.uk/consult/condocs/cd218.htm>

**Contact for enquiries:** Dan Hodges

**Telephone:** 020 7717 6998

**What is the problem under consideration? Why is government intervention necessary?**

The HSIER addresses information asymmetries regarding risks in the workplace and employers' duties in managing those risks. They also attempt to address the market failures that may consequently arise by reminding both parties of their responsibilities. The regulations may also act as a form of support when challenging employers about health and safety standards.

As part of a simplification plan, HSC/E are addressing the administrative burdens resulting from the regulations and looking to improve their effectiveness by enhancing their clarity.

**What are the policy objectives and the intended effects?**

The original objective of the HSIER was to ensure that employees are adequately informed and aware of the protection afforded by health and safety legislation. The aim of this review is to examine the scope for improving the effectiveness of the regulations through amendments or revocation. In line with Better Regulation principles, this review also examines the scope for reducing the administrative burden associated with the HSIER, through amendment of the regulations or through revocation.

**What policy options have been considered? Please justify any preferred option.**

The two options considered here are to do nothing and to re-design the poster with regulatory changes.

**When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?** The policy will be reviewed three years after implementation.

**Ministerial Sign-off** For SELECT STAGE Impact Assessments:

*I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.*

Signed by the responsible Minister:

.....Date:

## Summary: Analysis & Evidence

Policy Option: 1

Description: Do Nothing

<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' There are no costs associated with this option
	<b>One-off</b> (Transition)	<b>Yrs</b>	
	<b>£ 0</b>		
	<b>Average Annual Cost</b> (excluding one-off)		
	<b>£ 0</b>		<b>Total Cost (PV)</b> <b>£ 0</b>
Other <b>key non-monetised costs</b> by 'main affected groups'			

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' There are no benefits associated with this option
	<b>One-off</b>	<b>Yrs</b>	
	<b>£ 0</b>		
	<b>Average Annual Benefit</b> (excluding one-off)		
	<b>£ 0</b>		<b>Total Benefit (PV)</b> <b>£ 0</b>
Other <b>key non-monetised benefits</b> by 'main affected groups'			

Key Assumptions/Sensitivities/Risks

Price Base Year	Time Period Years	<b>Net Benefit Range (NPV)</b> £	<b>NET BENEFIT (NPV Best estimate)</b> £
--------------------	----------------------	-------------------------------------	---

What is the geographic coverage of the policy/option?			All		
On what date will the policy be implemented?					
Which organisation(s) will enforce the policy?					
What is the total annual cost of enforcement for these organisations?			£		
Does enforcement comply with Hampton principles?					
Will implementation go beyond minimum EU requirements?					
What is the value of the proposed offsetting measure per year?			£		
What is the value of changes in greenhouse gas emissions?			£		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)			(Increase - Decrease)	
Increase of	£ 0	Decrease of	£ 0	<b>Net Impact</b> <b>£ 0</b>

Key: Annual costs and benefits: Constant Prices (Net) Present Value

## Summary: Analysis & Evidence

Policy Option: 2

Description: Re-design the poster with regulatory changes.

<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' £1.7m increase in admin burden through increased managerial time spent updating the poster when information changes £140K one-off cost to HSE for re-designing the poster, staff costs and implementing the changes. £1.2m cost of extra calls to Infoline
	<b>One-off</b> (Transition)	<b>Yrs</b>	
	£ 140K	1	
	<b>Average Annual Cost</b> (excluding one-off)		
£ 330K		<b>Total Cost (PV)</b> £ <b>2.9m</b>	
Other <b>key non-monetised costs</b> by 'main affected groups'			

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' £25m annual reduction in admin burden through reduction in time needed to fill in the details when initially displaying the poster £65m reduction in admin burden through removing the requirement to fill in the local enforcing agency/EMAS details when information changes.
	<b>One-off</b>	<b>Yrs</b>	
	£		
	<b>Average Annual Benefit</b> (excluding one-off)		
£ 10.3m		<b>Total Benefit (PV)</b> £ <b>88.4</b>	
Other <b>key non-monetised benefits</b> by 'main affected groups' There may be health and safety benefits arising from a clearer poster but the magnitude of these effects are difficult to estimate and no attempt has been made here			

**Key Assumptions/Sensitivities/Risks** Estimates for number of companies affected each year and details of the current administrative burden taken from the Administrative Burden Measurement Exercise. Companies will not replace their poster if it would not have been necessary under the current regulations.

Price Base Year 2007	Time Period Years 10	<b>Net Benefit Range</b> (NPV) £	<b>NET BENEFIT</b> (NPV Best estimate) £
-------------------------	-------------------------	-------------------------------------	---

What is the geographic coverage of the policy/option?		All		
On what date will the policy be implemented?				
Which organisation(s) will enforce the policy?				
What is the total annual cost of enforcement for these organisations?		£		
Does enforcement comply with Hampton principles?				
Will implementation go beyond minimum EU requirements?				
What is the value of the proposed offsetting measure per year?		£		
What is the value of changes in greenhouse gas emissions?		£		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)			(Increase - Decrease)
Increase of	£ 1.7m	Decrease of	£ 88.4m
		<b>Net Impact</b>	£ -86.7m

Key: Annual costs and benefits: Constant Prices (Net) Present Value

## Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

### **Review of the Health and Safety Information for Employees Regulation (HSIER) 1989**

#### **Purpose and intended effect**

##### **Objectives**

1. The original objective of the Health and Safety Information for Employees Regulations 1989, hereafter the HSIER, was to ensure that employees are adequately informed and aware of the protection afforded by health and safety legislation by requiring employers to display a health and safety poster or hand out the Health and Safety Executive (HSE) approved leaflet to their workers. A better awareness of legal requirements by employers and employees can improve health and safety standards and reduce workplace risks.
2. The aim of this review is to establish how effective the regulations are in achieving these objectives. It examines the scope for improving the effectiveness of the regulations through amendments of both the content and the format of the information health and safety duty holders are required to provide to their staff. In line with the Better Regulation principles<sup>1</sup>, this review also examines whether the regulations should be revoked in favour of a different, possibly non-legislative, way that delivers the same objectives and at the same time reduces the administrative burden on employers, the public sector and the voluntary sector.

##### **Background**

3. The HSIER requires that employers keep their employees adequately informed about general health and safety law. The regulations state that an employer shall, in relation to each of their employees:
  - ensure that the approved poster is kept displayed in a readable condition at a place which is reasonably accessible to employees while they are at work, and in such a position in that place as to be easily seen and read by employees; or
  - give to the employee the approved leaflet.
4. Employers must make sure that the name of the enforcing authority for the premises where the poster is displayed and the address of the office of that authority for the area in which those premises are situated, is written on the poster in the appropriate space. Alternatively, employers that distribute the leaflet to their employees must provide the supplementary information on a written notice.
5. The poster, which is security proofed to prevent illicit copying and reproduction, is sold on-line by HSE Books. HSE also provides stocks to third party sellers, such as retail booksellers and wholesalers. The leaflet can be ordered from HSE Books in packs of 25 or downloaded free of charge from the HSE website.
6. In 2005/2006, 212 workers were killed at work and over 300,000 reportable workplace injuries occurred. In addition, more than 2 million people were suffering from an illness they believed was caused or made worse by their current work. HSE estimates that these instances of ill-health and injuries costs society between £20bn and £32bn every year.
7. The Health and Safety at Work Act (HSWA) 1974 sets out the duties of employers and employees in managing workplace risks. The Act in itself would not have the desired effects if employers and employees were unaware of its content. Hence, the purpose of the HSIER is to ensure that employees are aware of the duties under the HSWA.

---

<sup>1</sup> See <http://www.hse.gov.uk/simplification/abme.htm>

## Rationale for Government Intervention

### *Rationale for the regulations*

8. There are two potential benefits of the HSIER. First, if employees had less information than their employers about risks in the workplace and employees were unaware of employers' duties in managing those risks, then employees may take on unnecessarily large risks without being adequately compensated. The HSIER attempts to address such information asymmetries and the market failure that may consequently arise, by reminding both parties of their responsibilities.
9. Second, the regulations may have equity implications if individual workers used the publications as a form of support when challenging their employers about health and safety standards. In other words, the regulations may act as a medium to ensure that the balance of health and safety responsibilities between employers and employees is consistent with the HSWA.
10. A study conducted by the Health and Safety Laboratory (HSL) in 2006 found some evidence that the regulations have the desired effects<sup>2</sup>. Participants in focus groups saw the poster as a reference point and a back up, something that an employee could refer to if they felt their company was breaking the law. They also recognised the usefulness of the poster as a source for contact details for health and safety representatives.

### *Rationale for Reviewing the Regulations*

11. The Health and Safety Commission and Executive have given a commitment to work towards a 25% target reduction in administrative burdens by May 2010<sup>3</sup>. As part of the simplification plan, HSC/E are addressing the administrative burdens resulting from the requirements on employers to provide information to third parties, such as employees. Successful simplification implies reducing the administrative burdens without loss of health and safety protection. The scope of doing so by amending or revoking the Health and Safety Information for Employees Regulations is explored below.

## Options

### **Option 1 - Do Nothing**

12. Leaving the legislation in place with no amendments is the base case which the other options are compared against. This has no cost benefit implications.

### **Option 2 – Re-design the poster with regulatory changes.**

13. The first impression of the most participants in the HSL study was that the poster appeared overwhelming and difficult to understand. A common concern was the density of text, and that the poster looked dull and boring. Participants suggested that the poster could be made more eye-catching by using brighter colours and less text. However, once they had read the information they thought it was relatively easy to understand. In fact, the majority (89 per cent) found that the poster contains the right amount of information and disagreed with the statement that 'the presentation of the information could be improved' (77 per cent)<sup>4</sup>.
14. Redesigning the poster could improve its appeal and make it more effective as a means of disseminating health and safety information and thereby increasing the benefits of the regulations.
15. Under this option the poster would be re-designed to improve its' usability. It would include a box stating 'The enforcing authority including EMAS can be found by contacting Infoline. Tel...' and an optional box to enter the trade union appointed safety representative's contact details. The regulations would be amended to:
  - Remove the requirement for employers to enter their enforcing authority and their office address plus the address of the local EMAS office; and

---

<sup>2</sup> For example, of 194 respondents 93 per cent agreed or strongly agreed with the statement: 'The H&S Law information [on the poster/leaflet] will be helpful in my workplace'. 78 per cent of a total of 182 respondents agreed or strongly agreed with the statement: 'I am likely to ask my employer to act on the information given in the Poster in the future'. For the full report, see [http://www.hse.gov.uk/research/hsl\\_pdf/2007/hsl0740.pdf](http://www.hse.gov.uk/research/hsl_pdf/2007/hsl0740.pdf)

<sup>3</sup> See Footnote 1.

<sup>4</sup> See [http://www.hse.gov.uk/research/hsl\\_pdf/2007/hsl0740.pdf](http://www.hse.gov.uk/research/hsl_pdf/2007/hsl0740.pdf)

- Not require employers who already have an existing poster to purchase and display a new re-designed poster. They would need a new version if the one they have is damaged or if they simply want to buy a new one. New businesses would need to purchase a new poster.
16. Employers who have an existing poster (and do not need to buy the new version) would still need to ensure that their enforcing authority and their office address plus the address of the local EMAS office is updated when a change in the information occurs. However, they could replace the outdated details with 'The enforcing authority including EMAS can be found by contacting infoline. Tel...'

## Costs and Benefits

### Data Sources and Assumptions

17. All financial figures are given in 2007 prices. Financial costs and benefits have been discounted at 3.5 per cent over a ten year appraisal period. Changes in the number of injuries and cases of ill health have been monetised and discounted at a rate of 1.5 per cent, as recommended by HM Treasury.
18. Figures from the Administrative Burden Measurement Exercise (ABME<sup>5</sup>) have been used for estimates of the number of firms displaying the poster for the first time each year and the number of firms updating the poster when the information changes. This was also the source for the cost of managerial time and the overall administrative burden caused by the regulations.
19. In keeping with the ABME, full compliance is assumed<sup>6</sup>.
20. The estimates for sales volumes of the poster and leaflets, which have been used in deriving costs and benefits of some of the policy options, rely on the assumption that the sales pattern during the first 8 years following implementation will mirror the last eight year period (1999 to 2007). The benchmark case in option 1 (no change) thus assumes that a new version of the poster will be released in the year 1, as was the case in 1999.
21. It is assumed that the costs to an employer of complying with the HSIER amounts to the price of the publication including handling and postage. Since most orders from HSE Books include several items and the poster or leaflets are generally ordered as part of a larger order, the marginal opportunity cost to a business<sup>7</sup> of ordering the poster or leaflets is negligible. There is also an administrative burden of £25m per annum associated with the regulations.

### Financing of HSE Books

22. HSE Books priced literature is covered by the HM Treasury Fees and Charges Guide, which states that fees and charges should be set to recover the full costs of the service. This applies to the operation as a whole and not to individual publications, which may be priced above or below their costs. In fact, the revenue from the poster and leaflets exceeds the production, storage and delivery costs and a portion of the revenue is used to finance non-priced publications. Therefore, a reduction in the number of posters and leaflets sold, if at the same time keeping the number of remaining publications at the current level, would require a rise in the price of the remaining priced publications.
23. However, because the cover price of HSE literature is printed on the actual publications, changing the price of a publication would require a reprint. It is therefore not feasible in the short run to increase prices of the remaining literature to recover the revenue from lost sales of posters and leaflets. It is assumed that it takes five years<sup>8</sup> for prices to adjust, and in the meantime HSE Books will require additional funding from HSE.

### Sectors and Groups Affected

24. Like the regulations in their present form, the policy options considered apply to all employers in Great Britain. Smaller employers and employers that operate at multiple workplaces may face

<sup>5</sup> See <http://www.hse.gov.uk/simplification/abme.htm>

<sup>6</sup> This is not contradicted by total sales figures combined with unique views to the online version of the regulations.

<sup>7</sup> The opportunity cost of ordering a publication is the value that person would have added to the business had he instead spent that time engaged in a productive activity.

<sup>8</sup> The five year assumption is based on the past frequency of reprints of the poster and leaflet.

disproportionately high costs of the current regulations, but this will not be exacerbated by any of the options considered.

## **Benefits**

### *Option 1 – Do Nothing*

25. There are no benefits from this option.

### *Option 2 – Re-design the poster with regulatory changes.*

26. The Administrative Burden Measurement Exercise (ABME) calculated the total administrative burden of these regulations to be £25m per annum. Of this total, £16.7m originates from originally filling in and displaying the poster and £7.8m is from updating the poster when the information changes.
27. The vast majority of participants of the HSL study thought that the poster contains the right amount of information but that cosmetic changes, for example by using pictures and a large font size, could improve its appeal. The health and safety benefits from such changes have not been estimated here, although they are likely to be small.
28. The other benefits from this option would be realised through a reduced administrative burden. Assuming it takes the average employer three minutes to enter the details of their appointed safety representative, using figures from the ABME the burden to employers of filling in the remaining boxes for the enforcing authority and EMAS on the poster is reduced by £2.9m per annum when initially displaying the poster and £7.4m per annum from updating the information when it changes.
29. The benefits realised by not having to fill in these details when initially displaying the poster are £2.9m per annum or £24.8m over the ten year appraisal period.
30. Of the £7.8m annual burden incurred when updating the poster, £7.4m will be removed leading to a further reduction in the administrative burden of £7.4m per annum or £63.6m over the ten year appraisal period.
31. The total benefit from this option is £10.3m per annum or £88.4m over the ten year appraisal period. All the benefits calculated are realised through a reduction in the administrative burden.

## **Costs**

### *Option 1 – Do Nothing*

32. There are no costs from this option.

### *Option 2 – Re-design the poster with regulatory changes.*

33. The option does not require firms to do anything more than they are already doing. Therefore there are no other additional costs to employers through this option. There will be minimal costs to HSE through supplying Infoline's contact details but these are negligible. Assuming an increase of 50K in call volume to Infoline, HSE will incur £130K annual costs or £1.2m over the ten year appraisal period. There will also be a £30K one-off staff cost for implementing this option.
34. There will be an increase in managerial time spent updating the poster due to the requirement to update the poster to display Infoline's contact details. Assuming that the time spent filling in the appointed safety representative's details plus the time spent entering the new generic details is a total of 10 minutes, there will be an increase in the administrative burden of £330K per annum or £2.9m over the ten year appraisal period.

## **Implications to HSE**

35. Staff costs of £30K would be incurred under option 2. Design costs of around £30K would also be incurred by the HSE under option 2. Option 2 would incur extra costs of £1.2m over the ten year appraisal period (£130K per annum) through increased call volume to Infoline.

## Effects on the Administrative burden

36. For the purpose of the Administrative Burden Measurement Exercise, it was estimated that the Health and Safety Information for Employees regulations costs employers £25 million a year<sup>9</sup>. The different options would have the following net effect on this figure:

Option	Effect on administrative burden (per annum £m)	Effect on administrative burden (10yr period £m)
Option 1	0	0
Option 2	10	86.7

## Effects on Small Firms

37. Since the HSIER does not apply to the self employed the options considered above impacts those firms with one or more employees. Option 2 is likely to imply proportionately greater savings to small organisations or, more generally, to those organisations with relatively few employers per workplace than to large employers. The differences to individual businesses are too small to warrant a small firms impact test.

## Competition Assessment

38. The proposed options are not expected to have any adverse effects on competition. The existing regulations, which entail a small sunk cost to entrants, are unlikely to constitute a significant barrier to entry.

## Enforcement Sanction and Monitoring

39. HSE and local authority inspectors are responsible for enforcing the HSIER. The proposed options would not alter this arrangement.

## Implementation and Delivery Plan

40. For transparency, the chosen policy change should be communicated to affected stakeholders in advance of implementation.

## Other specific impact tests

41. There are no other expected impacts on specific groups or the environment.

<sup>9</sup> See <http://www.hse.gov.uk/regulation/abmefinal.pdf>, table 15.

## Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No