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HEALTH AND SAFETY COMMISSION

Delivering the better regulation agenda - HSE's Simplification Plan

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Issue

1. Commission approval of HSE's draft simplification plan. The plan builds on previous drafts the Commission has seen, and focuses on how we can reduce the administrative burden of health and safety legislation (e.g. unnecessary paperwork) while at the same time restating our commitment to maintaining/increasing levels of protection. In common with the rest of Government, the plan sets out the target of a 25% reduction in admin burden by 2010.

Timing

2. For approval at September meeting. The Government has stated publicly its intention to publish all Departmental simplification plans before the Pre-Budget Report in November 2006. We expect HSC/E's plan to be one of the first published in early October.

Recommendation

3. That the Commission agree the attached HSC/E Simplification Plan (annex) for:
 - submission to the Better Regulation Commission and the Prime Minister's Panel for Regulatory Accountability (PRA), and following this
 - publication on the HSE website in October 2006.

Background

4. In July 2005 the Commission was consulted on HSE's plans to implement the Hampton Review and Better Regulation Task Force (BRTF) recommendations (see paper HSC/05/94). Within the BRTF report, Government Departments were asked to prepare simplification plans containing proposals for reducing administrative burdens on business, regulatory consolidation and wider better regulation initiatives.
5. The simplification plan has been developed in the context of: HSC's Strategy, HSC/E's long tradition of consultation, its leadership in risk-based regulation, and its progressive approach to enforcement policies. Earlier drafts of the plan have been submitted to the Commission in November 2005 (MISC04/05/23) and January 2006 (HSC/06/04). These drafts were then published on our website.

Administrative Burdens Measurement Exercise (ABME)

6. Commissioners will be aware (see HSC 06/42) that in order to access the total administrative burden of legislation, the Cabinet Office engaged consultants

(Pricewaterhouse Cooper) to work with Government Department and regulators (including HSE), on a measurement exercise. This has proved an extremely complex task with difficult debates on issues like “business as usual” costs (admin activities that businesses would choose to do anyway irrespective of legislation), “policy costs” (e.g. the requirement to carry out a safety check not just the requirement to record results of checks) and third party costs (e.g. labelling requirements for chemicals).

7. The other key issue is how to tackle costs arising from EC legislation. Much health and safety legislation is now inextricably linked with EC requirements, and trying to differentiate between EC and domestic legislation in our view makes little sense. Equally where requirements do flow from EC legislation, there are significant limitations on our ability to remove or amend this legislation, especially in the short-term.
8. Against this background, Cabinet Office and we now agree on HSE’s total baseline administrative cost as £2.03 billion. In line with the Prime Minister’s target set in November 2005 we have undertaken to work towards a 25% reduction on this baseline by 2010 on the provision that health and safety standards are maintained/improved, that in our view policy costs should not be included, and that there are real risks attached to reducing EC burdens in this timescale. On this basis HSC/E’s target reduction is £508 million.
9. The baseline figure will change over time as new legislation and regulatory amendments come into force. Legislative changes since May 2005 include the Control of Vibration at Work Regulations 2005 and the Control of Noise Regulations 2006 which, between them, are estimated to impose additional administrative costs of £85 - £99 million per year. This increases the 25% reduction target from £508 million to £529 - £533 million.
10. The ABME reports from Pricewaterhouse Cooper are due to be published at the same time as departmental simplification plans.

Argument

11. HSC/E’s simplification plan focuses on initiatives that will make a real difference to stakeholders and supports the delivery of HSC/E priorities. The plan is rooted in the HSC/E strategy, aiming to maintain or improve health and safety outcomes, while reducing costs to dutyholders.
12. In developing the simplification plan we have ensured that it will not lead to reducing levels of health and safety protection for workers and others. The key initiatives focus mainly on those policy areas that:
 - Affect the largest numbers of dutyholders
 - Remove/reduce forms requirements
 - Address the highest cost requirements as shown in the ABME
 - Address stakeholder proposals where appropriate
 - Can quickly and easily simplify HSE’s stock of regulation and guidance.
13. The key initiatives in the plan are therefore:
 - Sensible Risk Management - to increase compliance and simplify HSE guidance to encourage proportionate risk assessment and management, in line with HSC/E’s priorities.
 - Gas Safety Review - a review of the current regulatory regime, including research to consider whether it is feasible to apply a risk-based approach to the landlord’s gas safety check.

- Forms projects - three projects looking to reduce the number and burden of HSE forms, e.g. considering removal of the F9 (notification of new factories).
 - Lifting Operations & Lifting Equipment and Provision & Use of Work Equipment Regulations - producing new guidance to clarify requirements for inspections of equipment.
 - Health and Safety Information to Employees Regulations - considering the usefulness of the approved health & safety poster and investigating delivery options for the information on it.
 - Construction Regulations - to simplify the process for checking contractors' competence and to consolidate four pieces of legislation into one.
 - Control of Substances Hazardous to Health Regulations - rationalising guidance, making it more accessible and focusing on key 'how to' information.
14. By prioritising in this way, the plan will help HSC/E to work towards the target reduction in its administrative burdens baseline. In particular, the top two most burdensome requirements (risk assessment and management, and the landlords' gas safety check) account for 42% of HSE's total baseline.
 15. The plan seeks to demonstrate how HSE will deliver approximately 60% of the target administrative burden reduction (the minimum required by BRE at this stage). As the majority of the highest cost requirements in regulations are of EU non-discretionary origin, we are mainly proposing non-legislative initiatives. If these are successful, more than a 60% reduction may be achieved. In reviewing progress towards the target, the plan will be updated to show how the remaining reduction target will be delivered.
 16. BRE have stated their desire that HSC/E publish its plan in early October 2006. Before publication all departmental simplification plans are subject to scrutiny by the Better Regulation Commission (BRC) and the PRA. They will need to be convinced that HSC/E is committed to the better regulation agenda and to reducing unnecessary administrative burdens.

Consultation

17. HSE has consulted stakeholders on the plan throughout its development. The November 2005 draft was posted on the HSE website and views on its contents were encouraged.
18. The Cabinet Office also set up a web portal through which stakeholders could submit proposals for regulatory simplification, which could then be distributed to the relevant Department(s) for consideration. Where appropriate these proposals are included in the plan.
19. The plan has been presented to and discussed with HSE's Small Business Trade Association Forum (SBTAF) for their views. The forum was asked both to consult their member businesses on the draft plan and to ask for any suggestions for simplification that might be included.
20. HSE set up a Monitoring Group to oversee the ABME which was also consulted on the Simplification Plan during the course of its development. This group is made up of representatives from business, the charitable sector, local authorities, trade unions and HSE staff.

Presentation

21. Once it receives Commission, BRC and PRA agreement, the simplification plan will be published on HSE's website.

22. Some other departmental plans are being published at the same time (Charity Commission, Cabinet Office). The Better Regulation Team has met BRE to discuss their communications plans and will be working closely with them in the run up to publication.

Costs and Benefits

23. If the key initiatives are successful, the plan will lead to increased compliance and so benefit health and safety standards across workplaces in the UK; and make a significant contribution to reducing unnecessary paperwork required by our legislation.
24. The benefit to business, if administrative burdens imposed by government overall are significantly reduced, is expected to be 1% of the UK's Gross Domestic Product, which equates to £15 billion being saved over a fifteen-year period.

Financial/Resource Implications for HSE

25. The development of the Simplification Plan has taken 11 months, with staff costs of approximately £50,500. Two discrete projects also fed into the development of the plan. The Regulatory Simplification Project was resourced by one Band 2 for 7 months at a total cost of £48,050. The zero-based forms review was also carried out by one Band 2 over 6 months and cost approximately £30,300 (0.8 of a full-time post). Staff costs for the maintenance and development of the Plan over the three and a half years it is projected to run are likely to be approximately £41,400 each year.
26. In addition to these costs, the initiatives within the plan have resource implications. In many cases these are already accounted for in the work plans of the relevant teams. But some additional work will be necessary. We estimate these costs will total £744,540 over the lifetime of the plan to March 2010.

Environmental and Other Implications

27. None

Action

28. That the Commission agree the attached HSC/E Simplification Plan for submission to the BRC and publication.