

LAC 67-2 rev3 - Annex B

Risk Rating System

1. This guidance provides a simple four Category (A – high risk; B1 and B2 - medium risk and C – low risk) premises risk rating system based on a business's health and safety performance (See Table 1). This helps assess and score premises to allow LAs to determine their relative intervention priorities.
2. The rating process evaluates and gives a value to four different elements of a business's health and safety performance:
 - a. Confidence in management
 - b. Safety performance
 - c. Health performance
 - d. Welfare compliance gap
3. LAs should assign and appropriately record a Category to a premise following a visit or a desktop assessment using the available national and local knowledge of the premise type. For example local knowledge of individual business poor performance, particular building hazards, significant sector hazards or incidents including national safety alerts. The inspector's assessment should represent a proportionate balance of their findings. (See also – Supplementary Material 2 - Flowchart showing an overview of advice on Local Authority Intervention Planning)

Table 1 - Category Rating Criteria

Category	Rating Score
A	Score of 5 or 6 on any risk
B1	Score of 4 on any risk
B2	Score of 3 on any risk
C	No score greater than 2

Risk Rating Elements

4. The following paragraphs describe the four criteria that form the rating system. An example provides an illustration on how to apply each of these criteria in practice.

Confidence in management

5. **Description:** A numerical rating, as shown in Table 1, to indicate an inspector's level of confidence in management's ability to maintain or attain a low level of health and safety risk, at the workplace or in relation to work activities, in the foreseeable future. (Note that the advice below may change with the plan to refresh of HSG 65)
6. When rating premises LA inspectors should have regard to the necessary level of management required to control the risks inherent within the particular premises under consideration. Inspectors should make their judgements in relation to management standards required for that type of site and not the standard that may be more relevant to a site with potentially higher inherent risks.
7. **The following example may help:** Following a complaint about inadequate health and safety, an inspector visits a small family run newsagent and although the owner has little health and safety knowledge or awareness there are no significant safety or health related performance issues. The inspector **does not** rate their confidence in Management as '5' **'Management are not up to the task'** because they consider the inherent risks of the business to be low, meaning that a proportionately lower level of management is required for the task. For this reason the inspector gives a rating of '4' and also decides that follow up inspection action is not warranted. Later that day the inspector finds a similar management approach at a builder's yard and gives it a rating of '5' because this management approach is insufficient to successfully control the inherent risks of such a business. The inspector writes to the builder's yard outlining the actions they consider management should take, directing them to suitable published guidance.

Factors to consider

8. In assessing a businesses' management systems, inspectors should consider the factors below:
 - the track record of the organisation, its willingness to carry out previous advice and enforcement, together with the accident history of the company;
 - the likelihood of a management change taking place and the possible effects on health and safety, including, for example, the support given to the new incoming management by senior management off-site;
 - the technical knowledge held within the organisation on health and safety matters and whether the hazards present require innovation or merely the application of standard answers to known problems; and
 - the extent to which management carry out regular appraisals of their performance, and then modify their approach if they identify failings.
9. Inspectors will recognise that some of these factors may apply less easily to small or medium size enterprises (SMEs), particularly where many, or even all, management functions might rest with one person. **In applying the scoring system to small businesses, inspectors should bear in mind that in many cases procedures may not be documented. In such cases, inspectors will be looking to identify how far the spirit and practice of these examples is evident in the way companies deal with health and safety issues** and the "Management Assessment Tool for Small and Medium Sized Enterprises"¹^[5].

¹Management Assessment Tool for SMEs (MAST) .

10. For businesses not be classified as an SME, inspectors should refer to HSE's "Guidance for regulatory staff on the practice of assessing health and safety management"².^[6] Regardless of the size of the business or undertaking, inspectors may also wish to refer to Institute of Directors/HSE guidance document on "Leading health and safety at work"³.[[]

11. Bearing in mind the points above regarding SMEs, base the assessment on the following nine key issues:

- an effective health and safety policy and an effective management system to make it work;
- an adequate management structure, according to the size of the undertaking to implement the policy;
- adequate and appropriate arrangements to secure the trust, participation and involvement of all employees;
- adequate arrangements to secure information flows into, within and from the organisation;
- systems and arrangements to secure the competence of all working on the site;
- adequate processes to generate plans, risk assessments and performance standards to implement the policy;
- adequate and sufficient measurement of performance both before and after accidents and incidents;
- adequate and sufficient performance review to ensure that the lessons learned are effectively put into practice to improve performance throughout the organisation; and
- adequate auditing of the health and safety system.

² Managing for health and safety

³ Institute of Directors/HSE guidance document on "Leading health and safety at work."

Table 2 - Confidence in management rating table

Rating	Descriptor
1	<p>Best Practice: Management know the relevant health and safety standards, have put them into effect and check they are applied correctly. There is clear evidence of effective self-regulation with standards being monitored and refined. Full compliance with the approach listed in HS(G)65^[9] and/or MAST 4SMEs^[9].</p>
2	<p>Strong evidence that management are up to the task: Management generally enthusiastic and competent with either:</p> <ul style="list-style-type: none"> • effective systems in place for other business processes (e.g. quality assurance) but with knowledge gaps for health and safety requirements, or • good health and safety knowledge with systems requiring improvement. <p>There is potential for good performance and reasonable compliance with the HS(G)65^[10] approach and/or MAST 4SMEs^[11].</p>
3	<p>Some evidence that management are up to the task: Management are knowledgeable about relevant health and safety standards but there has been little effort to adopt a proactive approach to health and safety management. However, senior managers volunteer their thoughts as the inspection progresses and appear to be committed to adopting a more proactive approach. There is general confidence that the recommendations resulting from the inspection will be put into place.</p>
4	<p>Management are ambivalent about health and safety: Management have only a certain amount of knowledge of relevant standards and there is little or no evidence that a proactive approach to ongoing health and safety management has been adopted. However, senior managers recognise the need to satisfy explicit statutory requirements and there is some prospect that a more proactive approach may be adopted in future. Limited involvement of workers in health and safety management. There is some confidence that the recommendations resulting from the inspection will be put into place.</p>
5	<p>Management are not up to the task: Management have significant shortcomings in their knowledge of relevant standards. Management do not appear to be willing to instigate a proactive approach and have not recognised that health and safety is an issue where they need to be personally involved. There is uncertainty as to how they will respond to the findings from the inspection.</p>
6	<p>Management avoid the task and/or connive in cutting corners: There is a negative approach to accepting legal duties and management dispute the relevance or validity of recognised benchmark standards. Totally ineffective in the management of health and safety. The findings from the inspection are likely to be ignored.</p>

Safety or Health Performance

12. Description: Separate safety and health numerical ratings, as shown in Table 3, to indicate the inspector's judgment of the overall level of compliance of safety risks and of health risks at the workplace.
13. **Definition of safety risks:** the potential of an item of work equipment, procedure or method of work to cause an undesirable injury of any nature. Inspectors should not automatically award the highest rating because of the mere presence of electricity, gas or any other safety hazards when the risk is effectively controlled or minimised so far as is reasonably practicable.
14. **Definition of health risks:** the potential of a substance, chemical, force (e.g. noise), event (e.g. commercial robbery) or method of work to cause harm or ill health. Aspects related to both physical health and mental health (e.g. stress) are covered by this criteria. Health hazards are not always cumulative (though they may be) and there are a wide range of causative agents.

Factors to Consider

15. Inspectors have discretion when assigning these overall ratings. However, inspectors should apply the following checks, as a way of ensuring consistency –
 1. Undertake a review of all aspects of safety covered during the inspection, including matters of evident concern and matters of potential major concern (such as the risk for large-scale incidents).
 2. Identify the issue or topic where compliance was poorest.
 3. Assess how this issue would score, if it were to be scored in isolation on the six-point scale.
 4. Consider the outcome of step 3. If there is a single issue that would, in itself, warrant a score of '5' or '6', the overall safety rating should not be less than '5' because the duty-holder is clearly not managing the risk.
 5. If a notice is to be issued on a matter relating to safety, the overall safety performance rating should be '4' or greater.
 6. Repeat steps 1 to 5 for the aspects of health covered during the inspection.
16. The checks outlined above are a way of ensuring that the rating process is in line with scoring criteria set out for the six-point scale. If any aspect of a visit meets the criteria for scoring '5' (a score which should be assigned in situations where there is a discernible risk gap) or '6' (a score which should be assigned when standards are unacceptable and may necessitate a notice being issued) this would be incompatible with an overall score of '3' or better. The latter score should only be assigned if the general picture is one of only minor shortcomings that can be dealt with informally with oral advice.
17. These criteria are a matter of professional judgment on a case-by-case basis. In some cases, inspectors may need to balance aspects of the visit where compliance was poor against other aspects where compliance was good in order to come up with their overall judgment. Moreover, some aspects may be more important than others in the context of the particular premises visited.

18. **The following example may help:** At a visit, an inspector selected slips and trips and workplace transport as the main topics for assessing the company's health and safety performance. Compliance was found to be good in both of these topics, but enquiries into a matter of evident concern relating to lifting equipment revealed unacceptable compliance in this area. On their own, these shortcomings would have warranted a score of '5' on the six-point scale. However, taking into account the good compliance in slips and trips and workplace transport, the appropriate safety rating is likely to be '4'.

Table 3 - Performance rating table for assessing safety or health performance

Rating	Descriptor
1	High standards of compliance. Some aspects meet best practice as outlined in industry standards, Approved Codes Of Practice (ACOPs) etc
2	Good standards. Minimum legal requirements have been met but little evidence that elements of best practice have been adopted.
3	One or more minor shortcomings. Minimum legal requirements could be met with a little more effort. Since these shortcomings are not serious, they can be dealt with informally via a verbal warning and/or provision of advice.
4	Standards are variable but lower than the benchmark standard. It is necessary to address one or more shortcomings (which are not minor) by giving formal instructions for remedial action to be taken e.g. sending a letter.
5	Standards generally unsatisfactory. There is at least one contravention that gives rise to either a substantial or extreme risk gap (as defined by EMM). Formal intervention is required to achieve improvement in standards e.g. Improvement Notices. Risks are not being adequately controlled.
6	Standards unacceptable. A disregard for expected standards and/or significant breaches has been observed and/or could be expected. Extreme risk gap present as defined by EMM. Unless application of the EMM identifies duty holder factors that provide strong mitigation, issuing a notice or prosecution is likely to be appropriate.

Welfare Compliance

19. **Description:** A numerical rating, as shown in Table 4, to indicate the inspector's judgment of the overall level of compliance regarding welfare standards at the workplace.

Factors to consider

20. The descriptors for determining the welfare compliance gap are shown in the table below. You should consider **all** welfare issues when rating the overall welfare provision; this would include ventilation, lighting levels, ambient and working temperatures, changing facilities (if required), rest areas, etc.

Table 4 - Performance rating table for assessing welfare compliance.

Score	State of compliance	Descriptor
1	Compliance	Good, clean, suitable and sufficient provision of welfare facilities. Would be content to use them yourself.
2	Minor non-compliance	Welfare facilities need cleaning, temporary absence of consumables such as soap or towels.
3	Inadequate provision	Inadequate or dirty welfare facilities. Inadequate rest facilities. No heated water or too few toilets.
4	Major non-compliance	Welfare facilities not present or so poor as to be unfit for use. No toilet or washing facilities.

Principles of Risk Rating

21. It is standard practice to rate safety and health performance and welfare at the level of the site and not the company. This is because conditions at the site are likely to create risks regardless of the quality of the management systems employed by the company and because the conditions witnessed at the time of a visit or inspection should be taken as the evidence on which to base a judgment. However, the confidence in management score can be used to reflect overall how effective the management of health and safety is and this can include corporate controls as well as more localised controls.

22. The over-riding principle is to reduce risk. Where significant breaches continue to exist, strongly consider the use of enforcement using the Enforcement Policy Statement (EPS)⁴, Enforcement

⁴ Enforcement Policy Statement

Management Model (EMM)⁵ and local enforcement procedures and policies at all relevant times. The Inspector's judgment and discretion should be utilised to assess each situation on a case-by-case basis.

23. When allocating an inspection rating for the relevant element, inspectors must bear in mind the relevant group at risk. This includes members of the public and not just employees. The benchmark standards used in the EMM are written in relation to whoever might be at risk from a given activity, irrespective of their status. Key factors to consider when prioritising planned inspections are the standards being achieved and the management competence demonstrated during the last intervention.
24. In all circumstances, LAs must consider any PA or Lead Authority relationship. LAs should also work in conjunction with regional partnership teams and county liaison groups.

When not to rate

25. This rating system may not be appropriate for transient activities such as some entertainment events etc. Individual LAs are encouraged to coordinate their efforts with those of other authorities to establish the general confidence level in the ability of these employers to maintain standards.
26. Unless an inspector has made sufficient observations to justify the rating of the relevant risk topics, the rating of premises during reactive visits should not normally take place.

Re-Rating

27. Should a revisit be necessary (e.g. to check on a notice) and conditions are witnessed to have changed, it may be appropriate to re-rate any or all of the four elements. It is acceptable to carry forward the ratings of the other factors without re-evaluation of those factors if only a short length of time has elapsed and the inspector is satisfied that any application which lowers the risk rating beyond an A or B1 will not lead to a deterioration in standards.
28. The decision to re-rate during a revisit is entirely down to an inspector's judgment. When considering changes to 'confidence in management', however, you will need to consider broader issues. For example, an employer who previously was rated as 5 or 6 and only grudgingly complies with a notice would still merit a numerically high rating (e.g. a rating of 5 or 6) after the notice check revisit. (See Para 8)
29. Regardless of the size of the business or undertaking, inspectors may wish to refer to the Institute of Directors/HSE guidance document "Leading health and safety at work" (INDG 417) ¹¹ whilst remembering to apply standards suitable to the business being considered.

Rating new or previously unregistered premises

30. LAs are able to rate a new premise by desktop assessment, an advisory visit, or in exceptional cases a proactive inspection. Normally proactive inspection should only be used for businesses known to pose a particularly high risk or because of other local health and safety factors, for

⁵ Enforcement Management Model

example, a new major concert venue; other local knowledge linked to a particular new business e.g. known building hazards. Inspectors should make a judgement on how to rate a new premises based on the type of activity, likely numbers of employees, risks to the public, past history of the company etc. For lower risk premises, the provision of information and advice or a self-assessment questionnaire may be more appropriate.

Primary Authority

31. Where PA arrangements exist all LAs should follow the agreed inspection programmes.

Higher Risk Rated Premises

32. If conditions have either deteriorated or not improved at an "A" rated premise since the last visit or a previously lower risk rated premises is re-rated to an "A", inspectors should strongly consider the use of enforcement, in accordance with the EPS and EMM, to achieve the improvements necessary to reduce the risk rating.

Lower Risk Rated Premises

33. It is expected that LAs will undertake appropriate interventions but not proactive inspections with premises rated as a "B1" and "B2" as part of a national priority programmes, local priority programmes or individually during the work year. LAs should decide upon the most suitable type(s) of intervention(s) taking into account a number of factors as outlined in annexes D and F.

Effect of other Environmental Health Considerations

34. LAs must exclude consideration of other Environmental Health functions when rating premises for health and safety risks.
35. Only premises rated Category A for matters of health and safety should be targeted for health and safety inspections
36. Wherever possible where a food safety and health and safety inspection are required at the same premises (i.e. a premises rated Category A for H&S purposes) LAs should undertake both inspections at the same time⁶.
37. An inspector should deal with any significant health or safety matters that may become evident during a visit made for another purpose or refer the matter to an authorised inspector as appropriate.

Unitisation

38. LAs may wish to "unitise" some of their larger premises. Unitisation enables sub-divisions (units) of larger premises to be separately rated and inspected. Units can be based on geographical considerations, (e.g. first floor being one unit) or on activities (e.g. fork lift truck operation). This approach offers the advantage that the more hazardous activities could form one (or more) unit(s)

⁶ Joint Guidance on Combining Health and Safety and Food Safety Inspections.

to be inspected on a more frequent basis than the remaining parts of the premises. Unitisation should not be used to create more premises.

Table 5 – Summary of risk rating/interventions

Description	Category	Rating Score	Intervention Types
Highest Risk	A	Score of 5 or 6 on any risk	Suitable for proactive inspections until risks are adequately managed such that the premise can be re-categorised; Accident/complaint investigation
	B1	Score of 4 on any risk	Not suitable for proactive inspection but all other interventions to be considered. Accident/complaint investigation
	B2	Score of 3 on any risk	Not suitable for proactive inspection; consider the use of other interventions only where necessary based on national and local information. Accident/complaint investigation
Lowest Risk	C	No score greater than 2	Use non-inspection intervention methods/techniques Accident/complaint investigation