

Short impact assessment template

Asbestos Regulation Charges

<p>Description of the intervention:</p> <p>Background:</p>	<p>Changes to asbestos licence assessment payments to include operational inspection costs in addition to those of the Asbestos Licensing Unit's (ALU) which are already charged for.</p> <p>Asbestos is a prohibited substance, a category 1 carcinogen and past exposures are responsible for around 4,000 deaths annually. Licensed asbestos contractors are licensed to work with asbestos. Licence applicants are assessed by HSE to ensure they are fit to hold the licence, and their performance needs to be monitored to ensure they perform as is expected of a licence holder. There is a public expectation that because HSE licences the industry, they can have confidence in the licence holder they use. To ensure standards, additional HSE resource, committed to asbestos licensing, is required.</p> <p>The asbestos liaison group (ALG)¹, whose members include the trade associations representing licence holders and trade unions representing the employees, have been informed of the proposal and have raised no objection (even claiming it is still too low). Competent licensed contractors are normally granted a licence for 3 years. At just over a £1,000 per year for a 3 year licence, assuming the applicant is performing as they should be, the industry has no problem affording this.</p>
<p>Objectives:</p>	<p>To enable cost recovery to cover increases in ALU staff resources and to include operational inspection, as agreed by the FOD MB.</p> <p>To ensure standards in asbestos management are maintained and improved upon.</p> <p>To reduce incidences of Asbestos related illness.</p>
<p>Options:</p>	<p>Options considered by the FOD MB were:</p> <p>Option 1: Do nothing – keep the existing licence fee.</p>

¹See: <http://www.hse.gov.uk/aboutus/meetings/committees/alg/index.htm>

<p>Calculation of costs:</p>	<p>Option 2: Keep the existing licence assessment fee and add in a charge for additional ALU staff.</p> <p>Option 3: Option two plus an additional charge for each inspection separately based on an hourly rate.</p> <p>Option 4: Charging for both assessment and inspections. This would use the agreed FOD MB inspection strategy for inspection of licensed asbestos work as a basis for charging an “up front” fee (charged at the time of application for a license), covering the regulation of the licensing regime (assessment and inspection). This option would increase the frequency of inspection and ensure all licence holders receive a minimum number of inspections a year.</p> <p>Option 1: Do Nothing - continue with the existing licence assessment fee. (i.e. the status quo, with no impact on costs or benefits).</p> <p>Option 2: Keeping the existing licence assessment fee and adding in a charge for additional ALU staff</p> <p>The additional annual cost to firms of is £119,442.86.² The cost incorporates the addition of 3 ALU staff at band 3, 4 and 6; and full recovery of these costs. We also assume that the number of new and renewal applications, reassessments, amendment of condition or duration of licence and amendment or replacement of a licence remain unchanged from the 2008/09 period. Around 30,000 license notifications for working with asbestos are received per year, therefore, the additional cost per job is approximately £3.98. However, this will be higher for small businesses who would operate fewer jobs and smaller for large firms.</p> <p>Option 3: Keeping the existing licence assessment fee and adding in a charge for additional ALU staff, plus an additional charge for each inspection separately based on an hourly rate</p> <p>The additional annual cost to firms is £368,642.86.³ This is based on the minimum number of inspections and could be much greater. Again we assume that the number of</p>
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² See Annex and data in the Asbestos fees Regs 2010 calculations spreadsheet. See TRIM (2009/387597).

³ See footnote 2.

⁴ See footnote 2.

	<p>applications, reassessments, amendment of condition or duration of licence and amendment or replacement of a licence remain unchanged from the 2008/09 period. The cost also incorporates the addition of 3 ALU staff at band 3, 4 and 6; and full recovery of these costs. Here each inspection is charged on an hourly rate The hourly inspection rate is calculated as £178 and total additional inspection costs are based on a minimum of 1400 inspections at 3 hours each. The additional cost per job would be approximately £8.05.</p> <p>Option 4: Charging for both assessment and inspections in an upfront fee.</p> <p>The additional annual cost to firms is £652,608.86.⁴ Instead of an hourly rate there is an upfront fee to cover inspection. We assume that the number of new and renewal applications, reassessments, amendment of condition or duration of licence and amendment or replacement of a licence remain unchanged from the 2008/09 period. The cost also incorporates the addition of 3 ALU staff at band 3, 4 and 6; and full recovery of these costs. Assuming 30,000 notifications of licensed work are received each year the extra cost per job would be approx £21.75</p> <p><u>Note:</u> In options 2-4 additional costs will be passed onto the dutyholder in the form of a higher fee. This represents a transfer of costs from the taxpayer (via HSE) to dutyholders. As a consequence there is no overall impact on society or HSE’s resources for these options. On the basis of recovering the full economic cost, option 2 recoups spending on additional staff but does not include a charge for inspections.</p>
<p>Impact on industry (including any effect on the Admin Burdens Baseline):</p>	<p>The extra costs are placed on asbestos licence applicants and holders. All or part of these costs could be passed on to clients, through higher contract prices. The extent to which this will happen will depend on the price elasticity of customers’ demand for asbestos licence holders’ services.</p> <p>A potential outcome of the increased fee could also be a decrease in the number of what could be called “speculative” applicants, who go through the assessment process but fall well short of what is required for a licence holder.</p>
<p>Benefits (quantified where possible):</p>	<p><u>Option 1 – Do nothing</u> No impact on benefits.</p>

	<p>Option 4 is the preferred option of the Field Operations Directorate Management Board (FOD MB) on the basis of practicality and recovering the economic cost to HSE and society. Asbestos licence holders work on sites for differing periods of time, and with different personnel. Charging an hourly rate with this peripatetic industry would therefore be extremely problematical making option 3 unfeasible. Option 2 charges for assessment and additional staff costs but omits inspections thereby placing an additional burden on HSE resources.</p> <p>Option 4 is regarded as best placed to enable ALU to be resourced with sufficient staff, and FOD Construction Division (CD) ops to carry out sufficient inspections to ensure the effective regulation of the asbestos licensing regime. This would include the gathering of more relevant information to be considered at licence reapplication or revocation.</p>
Consultation:	This approach has been discussed with HSE's Chief Economist and the Policy Capability Team.
Chief Economist's comments:	I am satisfied that the costs and benefits of this proposal have been properly assessed and where possible quantified.
Recommendation:	That based on proportionality, a full impact assessment is not produced.

Signed:...Alan Spence..... **Date:**5 February 2010.....
HSE's Chief Economist

Annex

Summary Of Asbestos Licencing Charges (2010/2011)

1) Revision of current fees (including increase of additional Band 3 time at ALU)

Total proposed application fee	Proposed fee based on full recovery	2008.09 fee for comparison	Total Income 2010/2011
New and Renewal Applications	£1,570	£1,160	£502,353
Reassessments	£741	£300	£18,522
Amendment of condition or duration of licence	£741	£300	£4,445
Amendment or replacement of a licence	£80	£80	£3,680
			£529,001

2) Revised current fee above plus hourly fee (accounting for additional inspection work and proposed 3 extra ALU staff)

Total proposed application fee	Proposed fee based on full recovery	2008.09 fee for comparison	Total Income 2010/2011
New and Renewal Applications	£1,570	£1,160	£502,353
Reassessments	£741	£300	£18,522
Amendment of condition or duration of licence	£741	£300	£4,445
Amendment or replacement of a licence	£80	£80	£3,680
			£529,001

Hourly Inspection Rate (2010/2011)	£178	£122,159
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Total **£651,160**

3) Revision of current fees (accounting for additional inspection work and proposed extra ALU staff).

Total proposed fee	Proposed fee based on full recovery	2008.09 fee for comparison
New and Renewal Applications	£3,236	£1,160
Reassessments	£741	£300
Amendment of condition or duration of licence	£741	£300
Amendment or replacement of a licence	£80	£80