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HEALTH AND SAFETY COMMISSION

**Proposals for a public consultation campaign
to support the development of
Management Standards to tackle work-related stress.**

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Issue

1. Proposals for a public Consultation Campaign to seek views on the development of Management Standards and promote HSC's approach to tackling work-related stress.

Timing

2. Routine. We hope to launch the Consultation Campaign at the Confederation of British Industries (CBI) Conference on 25 May 2004 and develop finalised Standards for launch on 3 November 2004 (National Stress Awareness Day).

Recommendation

3. The Commission is asked to agree proposals for a public Consultation Campaign (paragraph 14).

4. Commissioners are invited offer their active support to the campaign by signing up to attend a short workshop on the Management Standards (see paragraph 12).

Background

5. The Commission last received a paper on work-related stress in January 2004 (HSC/04/04). This paper updated the Commission on activity to develop Management Standards to tackle work-related stress during 2003. The paper included initial feedback from the pilot study and expert working groups, and proposals for further development activity, including

developing plans for a wider public consultation exercise. The Commission noted the excellent progress and successful engagement of key stakeholders in developing the Management Standards and supported the development of proposals for wider public consultation.

6. The Commission's strategy on work-related stress was developed following publication of a discussion document in 1999 setting out options, including a regulatory approach. One of the four strands of the strategy is to work with partners to develop clear, agreed standards of good management practice for a range of stressors.

Argument

7. The Management Standards (**Annex 1**) are not intended to be a legislative instrument, rather they provide a framework against which organisations can gauge their performance and develop effective and practicable solutions. The standards place strong emphasis on employers and employees working in partnership and, as such, they are being developed in close partnership with those who will eventually use them.

8. The consultation campaign has two important and distinct purposes:

   a) to seek views on the approach to inform development activity; and

   b) to promote wider understanding of HSE's approach.

9. The target audience for the campaign is: line managers, and employees and their representatives. Ultimately, these key groups will need to implement the standards. Their support will be vital if the standards are to be a success.

10. HSE is proposing a novel method of consultation because the incidence of work-related stress is not localised in any particular sector, resulting in an extremely large and diverse target audience. A traditional approach to consultation would be unlikely to meet HSE's aims.

11. HSE undertook some customer research (**Annex 2**) to establish how line managers want to learn about and participate in the development of the Management Standards. Line managers told us that the best media are a video presentation and on-line feedback mechanism with simple, straightforward questions. We can deliver this through the stress pages of HSE's web site and also through the production and targeted distribution of CD ROMs.

12. HSE staff regularly give talks on the Management Standards. We want to increase the profile of this activity to support the consultation campaign and so we are asking Commissioners to actively promote the standards. To increase Commissioners' confidence and allow them to participate in the campaign, we plan to hold a workshop-style event in Rose Court on 11 May 2004 (to coincide with the next Commission meeting). This will provide an opportunity to seek information or clarification on this work. Based on feedback from this event, we will develop a short briefing pack.

Summary

13. The target audience for the Consultation Campaign is line managers, employees and safety representatives ie those who will ultimately use the standards.

14. The proposal for the Consultation Campaign comprises:

- A short (about 5 minutes) video explaining the approach (see draft synopsis of video content at **Annex 3**). The video will be distributed by inserting a CD Rom into targeted publications and distributing to the top 350 companies. The CD Rom will contain a link to HSE's web site;

- An online response tool, accessed via the HSE website, to collate views on questions (questions are at **Annex 4**);

- A new consultation page for HSE's website (a draft web page is at **Annex 5**). This page will allow people to download and view the video. It will also have links to the draft standards, the response tool and other relevant documents such as the RIA and key research reports.

- A pack containing a paper version of the website materials and a transcript of the video available from HSE Books (for those without internet access).

- Commissioners actively participating in the Campaign. A workshop (planned for 11 May 2004) to empower Commissioners will be supplemented by a tailored briefing pack.

Consultation

15. During February 2004, HSE ran four focus groups (Annex 2) each comprising a representative group of 10 line managers. They told us they wanted the consultation to:

- be online;

- have a video to introduce it;

- be a product that respondents could disseminate widely to colleagues and other interested parties (eg a CD Rom)

- include background information with the introductory material and not in amongst the questions;

- have "yes/no" and multi-choice answers wherever possible.

16. HSE has taken initial views from trade unions, who we plan to work with to help us distribute the CD Rom. While they are supportive in principle, TUC asked for more information on the Consultation Campaign and its key messages. We presented our proposal to the TUC at their meeting on 18 March 2004 and are currently awaiting their response.

Presentation

17. There is continued Ministerial interest and support for HSC/E's approach to tackling work-related stress. HSE is currently drafting a submission to Des Browne outlining the Consultation Campaign proposal and intends to meet with Cabinet Office Better Regulation Unit to discuss these proposals at official level. Following recent budget cuts across Whitehall, affected Departments may be particularly sensitive to raising awareness of stress issues as this may also raise staff expectations.

18. The principles of employee engagement and consultation are at the core of the Management Standards approach. These are in line with HSC's new strategy (published in February 2004) and, in particular, the Collective Declaration on Worker Involvement. The latter makes the case for worker involvement and consultation, and highlights what a collaborative approach between partners can achieve.

19. Stress continues to attract significant media coverage (for example, the Money Programme, BBC2, 25 February 2004, which referred to the Management Standards). We will continue to seek out and capitalise on any further media coverage during the Consultation Campaign to reach more of those in our target groups.

Costs and Benefits

20. Costs to organisations will be the time taken to respond to the Consultation Campaign. The Campaign has been designed to minimise these costs by presenting the information in the way line managers tell us they want to receive it. The benefits will be an increase in awareness and understanding of the organisational causes of stress. We hope this will empower target groups to begin open and constructive discussions around the causes of work-related stress.

Financial/Resource Implications for HSE

21. We estimate production and distribution costs for the video clips and CD Rom will be £90k. This will enable us to reach around half a million line managers and employees directly (and potentially a further seven and a half million employed by the top 350 companies). There will be costs associated with analysing the potentially large number of responses, however use of HSE's online response tool will help to minimise these.

Environmental Implications

22. None.

Other Implications

23. N/A.

Action

24. The Commission is asked to agree proposals for a public Consultation Campaign (paragraph 14).

25. Commissioners are invited offer their active support to the campaign by signing up to attend a short workshop on the management standards (see paragraph 12).

Annexes

Annex 1:   Revised management standards for consultation;
Annex 2:   Focus group evidence to support approach to consultation;
Annex 3:   Draft synopsis of video contents;
Annex 4:   Questions for inclusion in on-line feedback tool;
Annex 5:   Draft consultation web page for HSE site
Annex 6:   Evaluation of pilot study;
Annex 7:   Partial Regulatory Impact Assessment.

DEMANDS

Includes issues like workload, work patterns, and the work environment

<u>The standard is:</u>

- **[at least 85% of] employees indicate that they are able to cope with the demands of their jobs; and**
- **systems are in place locally to respond to any individual concerns.**

<u>States to be achieved:</u>

- DS1: The organisation provides employees with adequate and achievable demands in relation to the agreed hours of work.
- DS2: People skills and abilities are matched to the job demands.
- DS3: Jobs are designed to be within the capabilities of employees
- DS4: Employees' concerns about their work environment are addressed.

CONTROL

- how much say the person has in the way they do their work

The standard is:

- **[at least 85% of] employees indicate that they are able to have a say about the way they do their work; and**
- **systems are in place locally to respond to any individual concerns.**

States to be achieved:

- CoS1: Where possible, employees have control over their pace of work
- CoS2: Employees are encouraged to use their skills and initiative to do their work
- CoS3: Where possible employees are encouraged to develop new skills to help them undertake new and challenging pieces of work
- CoS4: The organisation encourages employees to develop their skills
- CoS5: Employees have a say over when breaks can be taken
- CoS6: Employees are consulted over their work patterns

SUPPORT

- includes the encouragement, sponsorship and resources provided by the organisation, line management and colleagues

The standard is:

- **[at least 85% of] employees indicate that they receive adequate information and support from their colleagues and superiors; and**
- **systems are in place locally to respond to any individual concerns.**

States to be achieved:

- SS1: The organisation has policies and procedures to adequately support employees
- SS2: Systems are in place to enable and encourage managers to support their staff
- SS3: Systems are in place to enable and encourage employees to support their colleagues
- SS4: Employees know what support is available and how and when to access it
- SS5: Employees know how to access the required resources to do their job
- SS6: Employees receive regular and constructive feedback

RELATIONSHIPS

- includes promoting positive working to avoid conflict and dealing with unacceptable behaviour

The standard is:

- **[at least 65% of] employees indicate that they are not subjected to unacceptable behaviours (eg bullying) at work; and**
- **systems are in place locally to respond to any individual concerns.**

States to be achieved:

- ReS1: The organisation promotes positive behaviours at work to avoid conflict and ensure fairness
- ReS2: Employees share information relevant to their work
- ReS3: The organisation has agreed policies and procedures to prevent or resolve unacceptable behaviour
- ReS4: Systems are in place to enable and encourage managers to deal with unacceptable behaviour
- ReS5: Systems are in place to enable and encourage employees to report unacceptable behaviour

ROLE

- whether people understand their role within the organisation and whether the organisation ensures that the person does not have conflicting roles

The standard is:

* **[at least 65% of] employees indicate that they understand their role and responsibilities; and**
* **systems are in place locally to respond to any individual concerns.**

States to be achieved:

* RoS1: The organisation ensures that, as far as possible, the different requirements it places upon employees are compatible
* RoS2: The organisation provides information to enable employees to understand their role and responsibilities
* RoS3: The organisation ensures that, as far as possible, the requirements it places upon employees are clear
* RoS4: Systems are in place to enable employees to raise concerns about any uncertainties or conflicts they have in their role and responsibilities

CHANGE

- how organisational change (large or small) is managed and communicated in the organisation

The standard is:

- **[at least 65% of] employees indicate that the organisation engages them frequently when undergoing an organisational change; and**
- **systems are in place locally to respond to any individual concerns.**

States to be achieved:

- ChS1: The organisation provides employees with timely information to enable them to understand the reasons for proposed changes
- ChS2: The organisation ensures adequate employee consultation on changes and provides opportunities for employees to influence proposals
- ChS3: Employees are aware of the probable impact of any changes to their jobs. If necessary, employees are given training to support any changes in their jobs
- ChS4: Employees are aware of timetables for changes
- ChS5: Employees have access to relevant support during changes

Annex 2:   Summary of focus groups on consultation held in January 2004

Introduction

Four organisations responded to HSE's request to run focus groups to explore possible methods of consultation on the draft Management Standards. These included a Metropolitan Borough Council, a Central Government Department, a large chemical company and a trade association representing smaller companies in the manufacturing sector.

Each organisation ran a focus group of around 10 people – comprising a mixture of management and staff and lasting about half an hour. Facilitators gave a short introductory presentation on HSE's work on stress, followed by a discussion of the following three questions:

- How do you get management information from outside your organisation?

- What encourages/discourages you from responding to surveys?

- How would you like HSE to consult you about its Stress Management Standards product?

Findings

1. How do you get information on management into your organisation?

- Intranet and other in-house publications

- Management briefing meetings

- Training sessions

- Informal peer discussion/"word of mouth"

2. What encourages/discourages you from responding to surveys?

Respondents were *encouraged* by:

- Brevity (in terms of number of questions)

- Clarity and focus (questions are in plain English and to the point)

- The promise of action as a result of the survey's findings (some indication of what will be done with the results)

- Ease of response (eg ability to complete online; multi-choice/tick box/delete as appropriate style answering)

Respondents were *discouraged* by

- Large numbers of questions, especially repetitive questioning

- Surveys that covered more than one/disparate topics

- Surveys that are unsolicited or arrive "out of the blue"

- Short deadlines for responses

3. How would you like HSE to consult you about its stress Management Standards product?

- Clear preference was expressed for an online rather than paper-based questionnaire.

- Though respondents were ambivalent about "boring" paper questionnaires, most were actively hostile to the idea of a telephone-based survey.

- Respondents urged us to support any survey with some form of concise introductory material. Examples given included:

- interactive web-based material;

- a video;

- a series of regional/local introductory seminars/conferences

<u>Conclusions</u>

- Do it online

- Have a video to introduce it

- Put background information in the introductory material, not in amongst the questions

- Go for yes/no and multi-choice answers where possible

- Make the consultation 'vehicle' a product that respondents could usefully disseminate/widen to colleagues and other interested parties.

Annex 3:   Draft synopsis for video contents

For the purposes of outlining the concept and key messages, the following synopsis has been created for the HSL director, and project team. This is split into chapters for the purposes of web delivery, but can also be run as a continuous whole. For simplicity, technical details have been removed from this draft. Final order of the chapters will be decided upon at the editing stage.

CHAPTER 1

TITLE: WORK-RELATED STRESS CONSULTATION CAMPAIGN

The purpose of this section is twofold: first, to establish HSC/E's overall aims; second, to explain why we are consulting on the Management Standards.

Visuals:

This will be a montage of images establishing the changing world of work within which HSC/E operates. This can be established through stock footage and use of headlines within which some of the key statistics regarding the impact of work-related stress (eg. in terms of lost working days etc.) can be conveyed.

Audio:

This will highlight HSC/E's commitment to reducing risks, protecting people, raising the profile of health and safety. It will also emphasise the benefits to health of working and HSC/E's sensible proportionate approach to managing risk. The final point will be to explain that HSE needs help to refine the Management Standards.

CHAPTER 2

TITLE: REAL PEOPLE

Visuals and Audio:

There is a need to acknowledge the assorted views of individuals about stress and accept that they may vary from HSE's own definition. This will be achieved through the use of vox-pops with employees and line managers.

A guest expert will then acknowledge these views and point out that the important thing is that it can be tackled through good management.

CHAPTER 3

TITLE: REAL WORK – PART ONE

Visuals and Audio:

This is the first part of the case study scenario. It will use actors to play out a developing issue in the workplace. This will need to emphasise the broad nature of the issue; methods of transforming the location and role of the workers are being explored to achieve this.

TITLE: IF YOU WERE THE MANAGER WHAT WOULD YOU DO?

Visuals and Audio:

The expert will present some possible solutions covering some of the existing approaches to stress and debate the strengths and weakness of each.

TITLE: WHAT REALLY HAPPENED

Visuals and Audio:

The second part of the case study scenario. This will present the simple organisational intervention, which worked in this case and show the benefits of the approach.

CHAPTER 4

TITLE: THE MANAGEMENT STANDARDS APPROACH

Visuals and Audio:

HSE will set out that the Management standards are:

- A means of measuring performance and highlighting issues
- An aid to a risk assessment approach
- An evidence based distillation of available good practice

This will be followed by a brief summary of how they would have fitted into the scenario provided before.

We will then set out why we need help in finalising the development process and how the feedback we receive from the consultation will be used.

Annex 4: Consultation campaign questions for inclusion in on-line feedback tool

Part I: The states to be achieved:

An important aim of the Management Standards is that working conditions do not cause harm, and where conditions are currently less than ideal, action should be taken to improve them.

Each Standard is supported by 'states to be achieved'. These reflect how a workplace might look if the Standard is being met.

For each Standard [or generally], we need to know if the states to be achieved are relevant to your organisation.

1.   Consider the states under each Standard, if you feel that any do not apply to your workplace, please click on the individual state and comment in the pop-up text box.

Demands

- DS1: The organisation provides employees with adequate and achievable demands in relation to the agreed hours of work
- DS2: People's skills and abilities are matched to the job demands
- DS3: Jobs are designed to be within the capabilities of employees
- DS4: Employees' concerns about their work environment are addressed

Control

- CoS1: Where possible, employees have control over their pace of work
- CoS2: Employees are encouraged to use their skills and initiative to do their work
- CoS3: Where possible employees are encouraged to develop new skills to help them undertake new and challenging pieces of work
- CoS4: The organisation encourages employees to develop their skills
- CoS5: Employees have a say over when breaks can be taken
- CoS6: Employees are consulted over their work patterns

Support

- SS1: The organisation has policies and procedures to adequately support employees
- SS2: Systems are in place to enable and encourage managers to support their staff
- SS3: Systems are in place to enable and encourage employees to support their colleagues
- SS4: Employees know what support is available and how and when to access it
- SS5: Employees know how to access the required resources to do their job
- SS6: Employees receive regular and constructive feedback

Relationships

- ReS1: The organisation promotes positive behaviours at work to avoid conflict and ensure fairness
- ReS2: Employees share information relevant to their work
- ReS3: The organisation has agreed policies and procedures to prevent or resolve unacceptable behaviour
- ReS4: Systems are in place to enable and encourage managers to deal with unacceptable behaviour
- ReS5: Systems are in place to enable and encourage employees to report unacceptable behaviour

Role

- RoS1: The organisation ensures that, as far as possible, the different requirements it places upon employees are compatible
- RoS2: The organisation provides information to enable employees to understand their role and responsibilities
- RoS3: The organisation ensures that, as far as possible, the requirements it places upon employees are clear
- RoS4: Systems are in place to enable employees to raise concerns about any uncertainties or conflicts they have in their role and responsibilities

Change

- ChS1: The organisation provides employees with timely information to enable them to understand the reasons for proposed changes
- ChS2: The organisation ensures adequate employee consultation on changes and provides opportunities for employees to influence proposals
- ChS3: Employees are aware of the probable impact of any changes to their jobs. If necessary, employees are given training to support any changes in their jobs
- ChS4: Employees are aware of timetables for changes

- ChS5: Employees have access to relevant support during changes

2.   On a scale of 1 to 10 (where 10 is the best), please indicate how well you think your organisation would currently perform against the states to be achieved for each Standard.

Demands   [   ]

Control   [   ]

Support   [   ]

Relationships   [   ]

Role   [   ]

Change   [   ]

Part II: Measuring working conditions linked to stress-related illness

3.   To assist in measuring progress towards achieving these aims, do you think it is helpful to include a numerical target (eg a percentage) as a point of reference?

YES / NO

4.   If you answered '**yes**' to question 1, do you think the target(s) should be:

(a) in the standard itself **OR**

(b) in supporting guidance?

5.   If you answered '**yes**' to question 1, do you think the target(s) should be:

(a) An absolute cut-off based on the best available evidence for the reduction of ill-health; **OR**

(b) An aspirational target aimed at promoting best practice and continuous improvement; **OR**

(c) A stepped approach (eg bands or ranges)

Part III: Demographic information

6.   What is the name of your organisation or company?
7.   What is your name and position within your organisation or company?
8   What is your organisation or company's address?
9.   What is your telephone number?

Annex 5:   Draft consultation web page for HSE site

Work-related stress – Live issues

HSE is working closely with a number of key stakeholders in developing an approach aimed at helping and encouraging organisations to tackle work-related stress

▶ **Management Standards: Have your say**

Management standards: Have your say

HSE is running a Consultation Campaign to seek your views on the draft management standards. The Campaign is running from 25 May - 27 August 2004. Your responses will help us to develop final proposals, which we hope to launch in November 2004.

The short video introduces HSC/E's approach and will help you to complete the on-line consultation questionnaire.

▶View video
▶View the draft management standards
▶Respond to online consultation

▶Download consultation questions - PDF file
▶Download video transcripts - PDF file

Supporting evidence:

▶View the draft Regulatory Impact Assessment
▶View a costed example of a 'Control' intervention
▶Download a summary of the evaluation of the pilot study - PDF file
▶Download articles explaining the evidence for HSE's approach - PDF file

▶Back to top

**Annex 6:   Evaluation of the Management Standards pilot study –
              Summary**

Background

The pilot study commenced in April 2003. Twenty-four organisations agreed
to take part and evaluation began in December 2003 and continued into early
March 2004. A full evaluation report will be published as an HSL research
report to coincide with the planned launch of the public consultation exercise
around May 2004. This Annex summarises the main findings of the evaluation
study. This is 'work in progress' and will be updated to reflect feedback from
pilot organisations that are currently involved in taking forwards key aspects of
the pilot process.

In addition to the 'official' pilot, a small group of organisations undertook an
'unofficial' pilot of the Stress Management Standards using the materials
posted on the HSE website in June 2003. The results of this 'unofficial' pilot,
which are in line with the results from the 'official' pilot, will be reported on in
the full HSL report and are not reported on separately in this Annex.

The pilot organisations

Twenty-two organisations actually piloted the HSE Stress Management
Standards, including HSE itself. Pilot organisations included one Charity and
14 public sector organisations, comprising 4 Government Departments, 6 city
and metropolitan borough councils, 2 educational establishments, an NHS
Trust and a Police Force. Private sector piloteers included 2 manufacturing /
production companies, 2 involved in energy production and supply, 1 from the
railways sector and 2 financial / insurance companies (see attached list of
pilot organisations).

Feedback

Feedback was collected from the pilots by means of e-mailed questionnaires,
face-to-face interviews, telephone interviews and, in two instances, from the
pilot team's report back to management in the form of organisation's in-house
reports. Feedback was collected from 21 of the pilot organisations (one had
not piloted our approach but gave feedback on their existing work). One of the
pilot organisations was later in starting the pilot and had yet to provide
detailed feedback.

In piloting and providing feedback on the pilots, pilot organisations were
encouraged to consider all aspects of the pilot study as 'draft' and open to
improvement / amendment. In the words of one of the pilot organisations:

"The findings come with an overall health warning that this is a pilot in every sense ie the process, actual questionnaires, the evaluation tools and the management standards themselves are all under scrutiny."

Parts of organisation selected

Pilot organisations were able to choose which parts of their organisation would take part in the pilot study. Parts of the organisation (or staff) selected to take part included:

- a mixture of business units from across the whole company from engineering to retail;
- a manufacturing plant;
- one office of a large government organisation;
- 2 different districts and 3 separate business units of a large government organisation;
- all the teachers within a local authority education sector;
- rural and urban staff;
- first and second line management;
- an area office and sub-office of a local council;
- front desk staff and social services staff of a local council;
- a wide range of line operative, office-based and supervisory staff;
- occupational health and safety and HR Directorate;
- 2 departments / directorates within each of 2 local councils;

Two organisations (of 145 staff and 488 respectively) ran the pilots across the whole of their organisation, while one local council made use of their existing staff survey data to gather information equivalent to running the first pass filter tool across the whole organisation (excluding schools).

Participants in the pilot included supervisors, managers, factory operatives, administrative staff, front line office staff, teachers, lecturers, doctors, nurses, council employees and policemen.

Why these parts were selected

The individual pilot organisations each took very different approaches to selecting the groups to take part in the pilots. Some asked for volunteers, one selected parts of the organisation to give a "diagonal slice", some selected a part of the organisation that represented *"a self-contained unit"*, while one organisation selected first line staff as they *"would be most affected by stress issues"* and another selected staff:

"based on identified areas where staff are known to have a varied and busy workload".

Interest of senior managers was quoted as a reason by three pilot organisations, one citing as the reason for selecting that part of the organisation:

> *"because the executive leadership was engaged and championed the roll out".*

Two pilot organisations selected parts of the organisation because they were currently going through, or had recently gone through, significant organisational change, while one pilot organisation selected a part of the organisation:

> *"as there were no major changes happening at the time of selection".*

One organisation selected an office where staff were all located in one building, since this:

> *"helped the logistics, i.e. handing out the paper questionnaires, communications etc.";*

while another chose an office because it was a multi site operation and:

> *"the satellite office offered the opportunity to explore physical remoteness from the senior managers".*

One of the two smaller organisations that had included all staff noted that they did not wish to leave any part out *"to prevent suspicion".*

Number of employees participating

The total number of employees participating in the pilot exercise was approximately 11,000, ranging from 26 in one organisation to 6,000 in another (where the organisation made use of its own employee survey data).

Pilot organisations reported response rates to questionnaires ranging from 30% to over 80%, and 95% in one part of a public sector organisation. The two organisations with the highest response rates were both public sector and had both implemented an electronic version of the questionnaire.

General reactions

General reactions to the pilot of the Management Standards expressed by piloteers were largely positive:

> *"OK. It's going well. The process seems to be straightforward and easy to do. …..early indications are that it seems to work quite well."*

"Well, although it's early days – this is the initial stage and there's a lot of work for us to do afterwards, I'm particularly pleased with how it went."

"YES, the standards gave excellent information and provided useful links to other areas such as information on Focus Groups etc."

One organisation highlighted the fact that they hadn't known where to start in conducting a risk assessment for stress and that the Management Standards and associated process had helped them to get started:

"We'd struggled with what a stress risk assessment looked like..and this helps give us some structure – It's welcome in that sense…… And there's a method there that seems logical and that people can relate to."

The general reaction of others was to welcome the opportunity to be involved in the Management Standards pilots:

"We were trying to progress work in this area and the pilot provided the opportunity to be seen to be doing something positive. It also helped inform ongoing work."

"If HSE implements this, it was nice to be able to influence with others in a small way what can be expected to be delivered."

General reservations and caveats

Some organisations, while endorsing the general Management Standards approach, expressed reservations about aspects of the pilot process, and the amount of time the process took:

"There was more work than I anticipated and it generated an awful lot more conversation – which is positive really. But actually, from my point of view, I probably underestimated the amount of time it would take to do. Partly because it looks very simple and I think it is a simple tool, which is good. But it does raise an awful lot of issues. It's the simplicity belies what it is that you are going to find. So it went very well really."

"I think if we went to hundreds and hundreds we may have a different view [than their current positive view] but because we've used existing data for a large number for a first pass across the organisation, and we've only done your questionnaires with small groups, it's been manageable. But if I had to enter all X thousand in manually, then I think it would be a big problem."

Another noted that the simplicity of parts of the process had made it more difficult to secure senior management commitment:

"They were regarded by some at that meeting, the Chief Exec's and the Directors, as being too simple…. the questions …so there was some criticism of that."

Securing Senior Management commitment

When asked specifically about the factors which were significant in securing senior management commitment, virtually all of those who responded to this question (16) cited as significant factors an *"existing commitment to tackle work-stress"* in their organisation and (15) *"the desire to be recognised as a good employer"*. Many of them went on to cite:

- HSE's reputation / regulatory role (13);
- The simplicity of the draft standards (12);
- The package of risk assessment tools provided for pilot organisations (12).

The offer of support from HSE / ACAS was noted as a significant factor by 8 of the pilot organisations. "Information on costs and benefits" did not appear to be a significant consideration for many organisations, only 2 organisations citing this as a significant factor.

For several of the pilot organisations, securing senior management commitment was a 'non-issue' as there was already commitment from senior management to address work-related stress:

"Stress has been an agenda item for our board for some time as we have been working on it since before the draft standards were issued. Therefore this was not a problem for us."

Other pilot organisations noted that taking part in the pilot study fitted in with existing plans and represented a natural progression from their earlier work on stress:

"[The organisation] had already undertaken Stress Management risk assessments, Management and employee training and more recently an employee climate survey. It was a natural progression to participate in the HSE Stress Pilot Study. "

Two public sector pilot organisations, however, had to spend some considerable time and effort to secure commitment from senior management.

Assessing their organisation's performance against the standards

HSE had developed its own approach or 'methodology' to assist the piloteers. The methodology included a 'first pass' filter tool and a 'second pass' filter tool (questionnaires), associated guidance and specific guidance on running focus groups.

Seventeen of the piloteers made use of the HSE first pass filter tool to assess their organisation's performance against the Management Standards, 18 organisations used the second pass filter tool. One organisation used it's own

questionnaire instead of the HSE tools. Two pilot organisations made use of equivalent questions in their own in-house staff surveys as substitutes for the HSE first pass question set, while one piloteer made use of such questions in its own survey as substitutes for first and second pass question sets. One of the above piloteers used an adapted version of the HSE analysis tool to analyse their in-house survey data.

HSE helped several organisations to adapt the tools to meet their specific requirements (for example, where existing survey data were used) and several other organisations adapted the HSE tools themselves (for example, by developing electronic versions of the questionnaires).

How well did the process integrate with existing HR policies and processes?

Most piloteers considered that the Management Standards approach was consistent with or integrated well with their existing HR policies and risk assessment processes:

"Very well. Our stress policy was issued in 2002 and was written by HR and Occupational Health"

"Generally in line with them."

Others were reviewing their current policies in the light of the management standards work.

"We are still formulating our policy on stress, but the process seemed to fit with other HR policies, e.g. H&S, Performance Management, Bullying etc"

Was the percentage statement helpful?

When asked if the percentage statement in the Management Standards was helpful in deciding whether the state to be achieved had been met, most pilot organisations considered that it was:

"Yes, Managers seem to like to have a definite number to measure against."

"Yes, this allowed positive feedback in the areas where few concerns were reported and allowed a focus on the borderline / priority areas."

"Percentage statement – to be honest, if there hadn't been some sort of standard, I'm not sure that we would have got anywhere. It wasn't helpful for us really, it was essential. You know, if you haven't got some sort of yardstick to measure against, then we wouldn't have been able to move on it at all I think."

However, there were significant criticisms. Several organisations questioned whether the findings on the first pass filter tool were a true reflection of stress-related issues within their pilot group of respondents:

"Yes, with the codicil that all standards were (comfortably) met and I had some reservations about that given the population of teachers and the evidence base around teacher stress, and the unique make-up of teaching in the [particular local authority] environment".

There was also criticism of the lower level percentages (65%) for three of the stressor areas, in particular, criticisms from trade unions and others of the lower percentage for relationships:

"In terms of the criticisms from the groups who participated and our unions as well… they had no problem with the 85% as the standard…but this 65% for the standard for relationships, role and change… everyone was really unhappy with. They felt it was too low…And particularly for relations..they felt "well, it's not really good enough that 1/3 of you staff have got poor relations, are bullied etc.""

Ease of use of the supporting tools

The pilot materials and supporting tools were presented as 'early prototypes' to be adapted and improved on during, and as a result of, the pilot process.

Several piloteers welcomed the simplicity of the process and supporting tools:

"I like it because it was very simple, and the basic question set I could actually pin onto stressors. I've certainly done a lot of research on various stressors and tools and whatever, and they just got so complicated that at the end of the day you'd just end up with so much information, like where do you go to from here."

In terms of the mechanics of the process or the usability of the analysis tools, most respondents reported that they had found it easy to know whether their organisation met the states to be achieved:

"By using the traffic light system and the percentages it was easy to see if the standards were achieved – according to the questionnaires"

"Easy using the scoring tool"

"Straightforward use of the excel analysis tool gave both numeric and graphical representation of the results."

During the course of the pilots, and in their feedback, pilot organisations provided a range of comments on the 'ease of use' and / or functionality of the supporting tools and made suggestions for improvements. These included:

- the need for a facility to enable organisations to obtain results broken down by sub-groups;
- the need for a facility or procedure for handling incomplete forms, missing data, multiple submissions;
- the need for an electronic, rather than paper based, questionnaire to enable organisations to deal with large numbers of respondents;
- the linked requirement for electronic processing of questionnaires.

"staff preferred the simplicity of [an] electronic system"

As noted above, during the course of the pilot study, HSE had helped several organisations to adapt the tools to meet their specific requirements. Several other pilot organisations had adapted the HSE tools themselves. This included developing electronic versions of the questionnaires. Two of the organisations using electronic versions of the questionnaires had recorded high response rates and one reported that:

"even those less IT literate colleagues, liked the electronic submission of returns".

The accuracy of the supporting tools in identifying key risk areas

There was a range of views expressed by piloteers on how accurate the supporting tools were in identifying key risk areas. Some suggested that they were accurate:

"I think the tools were accurate in identifying key risk areas but perhaps would have liked more specifically on time management side of things, long hours, but we've resolved it by putting an additional question in."

"They were fairly accurate but the end result may be different if we expand the pilot exercise to a larger audience."

while one piloteer noted that they were:

"helpful in highlighting broad areas and facilitating debate"

However, several piloteers expressed reservations about the reliability of the process and the accuracy of the tools in identifying key risk areas.

"In a sense, the actual mechanics of it are easy, but I'm not sure, in terms of giving out information at staff meetings and the pass filters, …..I'm just myself not sure how reliable that is."

"We found some false positives and some false negatives."

During the course of the pilots, and in their feedback, pilot organisations made a range of specific comments on the first pass and second pass filter tools, noting questions that were ambiguous:

"Some questions were ambiguous and/or open to interpretation eg on Relationships, Questions 1&2 asked whether the organisation had "effective" policies and procedures relating to behavioural issues. It was also clear, from informal feedback, that staff were making different judgements about the word "effective" on the basis of little personal experience and what constituted "organisation" was also being differently interpreted."

They also highlighted questions that were misleading or badly phrased or that they considered failed to address the relevant stressor:

"Whether the questions themselves were the right ones eg because staff had to work fast and intensively did not necessarily lead to stress, for example if they had significant control over their work and good support. It would seem more appropriate to question the effects of working at speed or indeed slowly along the lines of "are you comfortable with the pace at which you have to work?"

Piloteers commented on aspects of the scoring and weighting systems:

"the HSE questionnaire evaluation tool may need some adjustment given the number of 100% scores achieved (it seems likely that insufficient weight has been given to the two moderating response options)."

First pass filter versus second pass filter

There was a good deal of debate during the course of the pilot exercise on the advantages and disadvantages of having separate first pass and second pass tools. The advantages were expressed in terms of convenience and ease of use:

"The advantages of having a first pass and then a second pass is that you cut down on the amount of resource it takes and it looks less onerous, which is ideal for organisations..very practical."

Disadvantages related to a number of factors including lack of sensitivity of the first pass tool:

"The downside will be if, well, that you will not get the same response to the second pass ones in terms of response size, the number of people completing it, because they've already done one questionnaire….. And also, it's only an advantage to have them separately if the first pass is sensitive enough to pick up everything. …. Overall, [all things being equal], I'd prefer to have them separately."

While some organisations found that first pass and second pass results were consistent:

"Second pass results support the findings in the first pass"

a number of organisations reported that they had found the first pass results potentially misleading:

"There are some interesting differences between the outcomes of the first and second pass questionnaires, which seem to vindicate [the organisation's] decision to probe further even when the first pass results showed that the standards had been met."

"But this approach can be misleading as we found. In certain parts of the organisation we were green, but when using the second pass this revealed red on the more probing questions. So the first pass can give you a false sense of security as it really does not drill down far enough."

Engaging with employees

Pilot organisations described a wide range of approaches that they had taken in engaging with employees. The approaches demonstrated varying degrees of staff involvement and included:

- training sessions;
- debriefing sessions;
- internet and poster briefings;
- information cascaded from senior management briefings;
- presentations to staff;
- team meetings;
- one-to-one discussions;
- working parties set up to address specific topics.

Piloteers reported that these efforts to engage with staff had been largely successful.

Use of focus groups

Ten pilot organisations had used focus groups to engage with their employees and 5 pilot organisations had focus groups planned. Most of the latter had focus groups planned for the near future, as they had only now reached that stage in the pilot process, or the focus groups had been delayed for other reasons.

Pilot organisations adopted a number of different approaches to running focus groups. Some ran them using in-house staff as facilitators, others made use of ACAS or external consultants. One pilot organisation opted to run two

different types of focus group. They first ran focus groups comprising members of peer groups. The plan was then to follow these up with 'team-based' focus groups.

Reactions to focus groups

The reactions to the experiences of running focus groups was generally positive, though several organisations had yet to provide feedback as the focus groups had only recently taken place. One piloteer, who had begun with some anxieties at the prospect of running focus groups, found that they had learned a lot from running the first two of a series of focus groups:

> *"And we ran it as two separate ones and we learned a lot from that. About how we do things in future..but I think they went reasonably well."*

The piloteer subsequently reported that both groups had gone well, particularly the second series of groups, and that they had felt confident in running them.

One pilot organisation had asked focus groups members for feedback on the groups and reported that:

> *"The general feedback from the focus groups were that they were useful as long as something was done about the actions that have come out.*
> *I asked for feedback at the end of the focus groups about the process and they've said that the process is good so long as …the same thing…so long as something is done with the results…`with the actions."*

Several pilot organisations emphasized the requirement for training for facilitators to run focus groups. One felt that, in terms of who should run them, it should be someone with background skills in training and group work and group facilitation, rather than the traditional one-to-one occupational health skills. In fact, they felt strongly that people who had been trained in the traditional occupational health route, for example, nursing staff, would be more likely to focus on the individual rather than the organisational issues.

Several organisations commented on issues of logistics and long timescales involved in setting up focus groups:

> *"Unfortunately the focus group process has been long and drawn out, we started the focus groups in mid-September, but just finished last week (end November) I would have liked to do them closer together but "logistics would not allow". "But yes it's worked quite well"*

Employee involvement

Pilot organisations reported few barriers or concerns around ensuring employee involvement. While some reported a relatively low response rate to

questionnaires and invitations to attend focus groups, others reported high response rates (95% in one case) and groups of employees volunteering to take part in the pilot exercise.

"Full support from management, TU and employees"

"We believe [the] method used was successful. We achieved an 81% response rate in the 1st Filter and 76% in the second"

"NO [barriers or concerns about getting employees to engage in the process]; the opposite was true in [our organisation]. We had staff groups volunteering to participate and offer workable solutions."

Involvement of trade unions

Many of the pilot organisations said that they had involved trade unions in the process. Some had encountered initial reservations on the part of trade unions, though these had subsequently been resolved. Most reported that those consulted were satisfied with the process or, at least, had not raised any major issues:

"I think the trade unions were very happy with it and the comments were "well I've been wanting this for ages and I'm pleased it's happening."

Others involved

While only 3 organisations reported that they had made use of ACAS support, at the time of reporting, several more planned to do so and another found the offer of such support very welcome. Pilot organisations also reported making use of the services of external consultants / facilitators and had used staff from other pilot organisations / stress partners to help facilitate focus groups.

Action plans and interventions

While several organisations had followed up their focus groups by identifying interventions and developing action plans, few had yet reported on this stage of the process and a significant number of the pilot organisations were at earlier stage of the process. As noted earlier, several were currently running focus groups or had plans to run them in the near future. Feedback on these will be collected and included in the full evaluation report.

One pilot organisation, which had used the focus groups to identify interventions, noted that many of the interventions were not particular 'stress' interventions, as commonly envisaged:

"A lot of the interventions were not …particular 'stress' interventions in the sense that …we'll bring in a lifestyle coach or whatever. It was about undoing

some of the blockages that meant they could get on and do some of the work faster."

HSE's Interventions Guide "Real Solutions, Real People" (which HSE originally envisaged would support the pilot process) was published at the end of October 2003 when the official pilot period was virtually complete. One pilot organisation that had still to run focus groups reported that they planned to use the guide. Another piloteer reported that, though they had a copy of the guide and thought that it was useful to have it available to fall back on, they didn't need to use it as they had come up with their own solutions:

"But it was useful to know that it was available if you needed to use it."

In similar vein, one pilot organisation remarked:

"Well I think it's sensible if you've a bit of a blank canvas and you don't know where you're going..and you need some suggestions."

Costs

Many organisations were not yet in a position to estimate the costs of the pilot process. One noted that they would not expect the costs to be very great as they had made use of the existing data in their in-house staff survey for the first pass filter.

Summing up

In summing up, most of the organisations considered that the draft management standards had been helpful to them and rated the Standards as 7 or 8 out of 10 in terms of how helpful they had been.

"It was not a painful process. I would not do anything differently. Quite a positive experience."

Annex 7:   Partial Regulatory Impact Assessment

Proposed Introduction of Management Standards to Tackle Work-related stress

Regulatory Impact Assessment

Purpose and Intended Effect

Issue

Data from the 2001/02 survey of self-reported work-related illness (Jones et al. (2003)[1](SWI01/02)) estimated that 563,000 individuals in Britain were suffering from work-related stress, depression or anxiety. A further estimated 80,000 people reported work-related heart disease; evidence from SWI 1995 suggests that the majority of these ascribe their condition to stress. An estimated 13.4 million working days were lost in 2001/2002 through stress, depression or anxiety caused or made worse by work. This compares with SWI95 data, which indicated an estimated 6.5 million working days lost. At 1995 prices this related to an estimated cost to employers of around £353 to £381 million and a cost to society of around £3.7 to £3.8 billion. Data from the Stress and Health at Work Survey (Smith et al. (1995))[2] indicated that almost 20% of working individuals rated their work as very or extremely stressful.

HSC's occupational health strategy, Securing Health Together, sets challenging targets for the reduction of ill health and absence in the UK. The Stress Priority Programme aims to impact upon the following two targets:

- To reduce the incidence of work-related illness by 20% by 2010; and
- To reduce the number of working days lost due to work-related illness by 30% by 2010.

Data from surveillance schemes indicate that in Britain in 2002 psychiatrists and occupational physicians reported an estimated 6946 new cases of work-related mental ill health. These schemes represent more severe cases and are almost certainly an underestimate. Data from SWI01/02 indicates 265,000 people first became aware of their self-reported work-related stress condition within the previous 12 months, suggesting a much higher incidence (new case) estimate based on self-reported work related ill health.

The Health and Safety Commission (HSC) recognised that in order to meet *Revitalising* / Securing Health Together (SH2) targets for reduction of occupational ill health and absence in the UK, tackling work-related stress would be a priority. To find the best way of doing this, a public discussion exercise was held during 1999 in which HSC put forward a number of options, including a regulatory approach (in the form of an Approved Code of Practice). After considering the responses, HSC

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[1] Jones, JR, Huxtable, CS, Hodgson, JT & Price, MJ (2003). *Self-reported Work-related Illness in 2001/02: results from a Household Survey.* Sudbury: HSE Books.
[2] Smith, A, Johal, S, Wadsworth, E, Davey Smith, G & Peters, T (2000a): *The scale of occupational stress: The Bristol Stress and Health at Work Study.* HSE Contract Research Report 265/2000. Sudbury: HSE Books.

concluded that reducing stress depends on modifying organisational culture and that, as each organisation is unique, it would not be possible to develop ready-made solutions for all. A new approach was needed to tackle the problem. This approach involved encouraging employers and employees to work together in partnership within a framework of agreed standards of good management practice.

The Health and Safety Executive (HSE) has been working with partners to develop draft Management Standards. During 2003 twenty-two organisations piloted an earlier draft of these Standards. The evaluation of the pilot provided much of the information used to produce the revised Management Standards now being put forward for consultation. To support the pilot HSE developed risk assessment tools and guidance on how to implement the Standards. These were made widely available on HSE's web site and feedback from the website has contributed to evaluation of the pilot. HSE has also consulted widely with the 'expert' community, drawn from academia, human resources, health and safety and consultancy, to review the scope and validity of the draft Management Standards.

Objectives

Based on the SWI01/02 data a 20% reduction self-reported work-related stress would represent 53,000 fewer people each year reporting a work-related stress condition within the previous 12 months.

SWI01/02 also indicated that 13.5 million working days were lost due to work-related stress in Britain during 2001/02. A 30% reduction in the SWI figure would represent just over 4 million fewer working days lost per year.

Figures in both of the above cases are subject to upper and lower 95% confidence levels.

The development and delivery of Management Standards forms a key part of HSC's strategy for tackling work-related stress. Objectives for the Management Standards are:

- To bring about change in organisational culture by encouraging organisations to adopt agreed good management practices.

In so doing:

- To reduce the number of employees who believe they are exposed to work-related stress; and
- To contribute to meeting the SH2 / *Revitalising* targets.

Risk assessment

Evidence from the literature indicates certain elements of job design are linked to ill health. In 2000, HSE commissioned research to group these elements into categories (Cox et al. (2000)[3]). These are:

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[3] Cox, T, Griffiths, A, Barlowe, C, Randell, R, Thomson, L, Rial-Gonzalez, E (2000). *Organisational interventions for work stress: A risk management approach.* HSE Contract Research Report 286/2000. Sudbury: HSE Books.

- **Demands** (including workload, work patterns and the work environment)
- **Control** (how much say the person has in the way they do their work)
- **Support** (including encouragement, feedback and availability of advice and resources)
- **Role** (whether people understand their role within the organisation and whether the organisation ensures people do not have conflicting roles);
- **Relationships** (including promoting positive working to avoid conflict and dealing with unacceptable behaviour); and
- **Change** (how organisational change (large or small) is managed and communicated within the organisation.

An overriding element of **organisational culture** (an organisation's attitude and commitment to tackling work-related stress) cuts across all six of these areas.

Further evidence to support these 'stressors' is derived from expert judgement and HSE's pilot study.

Three key studies highlight the scale of work-related stress, and association between workplace stressors and health outcomes:

- The Scale of Occupational Stress: the Bristol Stress and Health at Work Study (Smith et al. 2000a[4], 2000b[5]); and
- Work Related factors and ill-health: The Whitehall II Study (Stansfield, Head & Marmot (2000)[6]), which provides powerful evidence linking demands, control and support to ill health.
- Review of existing supporting scientific knowledge to underpin standards of good practice for key work-related stressors – Phase 1 (Rick et al. (2002)[7]) reviews the key literature relating to Demands, Control, and Support and harm and organisational performance.

SWI95 (Jones et al. (1998))[8] data indicates occupations with the highest rates of work-related stress, depression or anxiety were nurses and teachers (over 2% of those currently or recently working were affected). Care workers, managers and professional occupations have the second highest rate of work-related stress, depression or anxiety (over 1% of those currently or recently working were affected).

Organisations where (according to SWI data) the reporting of stress is most prevalent tend to be medium to large sized organisations. These are where the organisational structures covered by the six Management Standards tend to be found (providing further assurance that these structures are a key cause of stress). Therefore the Management Standards are aimed primarily at larger organisations, where they are likely to have greatest impact.

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[4] Smith, A, Johal, S, Wadsworth, E, Davey Smith, G & Peters, T (2000a): *The scale of occupational stress: The Bristol Stress and Health at Work Study.* HSE Contract Research Report 265/2000. Sudbury: HSE Books.
[5] Smith, A, Brice, C, Collins, A, Matthews, V & MacNamara (2000b): *The scale of occupational stress: A Further Analysis of the Impact of Demographic Factors and Type of Job.* HSE Contract Research Report 311/2000. Sudbury: HSE Books.
[6] Stansfield, S, Head, J & Marmot, M (2000). *Work Related Factors and Ill-health: The Whitehall II Study.* HSE Contract Research Report 266/2000. Sudbury: HSE Books.
[7] Rick, J, Thomson, L, Briner, RB, O'Regan, S & Daniels, K (2002). *Review of existing supporting scientific knowledge to underpin standards of good practice for key work-related stressors – Phase 1.* HSE Research Report 024. Sudbury: HSE Books.
[8] Jones, JR, Hodgson, JT, Clegg, TA & Elliot, RC (1998). *Self-reported Work-related Illness in 1995.* Sudbury: HSE Books.

That is not to say stress only occurs in larger organisations, rather the causes in smaller organisations may be different and require a different approach.

It is difficult to predict trends in work-related stress and associated ill-health. While the SWI surveys show significant increases in self-reporting between 1995 and 2001/02, this may be due in part to increased awareness and willingness to report stress (Abba, Clarke & Cousins (2004)[9]). Voluntary medical surveillance schemes show no overall trend, with numbers increasing between 1999 and 2001, and falling again in 2002.

Options considered

1.   Introduce an Approved Code of Practice (ACoP):

Following public consultation in 1999, HSC considered the option of producing an ACoP. It was concluded that, if regulatory requirements were to be made, they would need to have a firm foundation established by drawing up standards of management practice for controlling work-related stressors. The Commission asked HSE to produce detailed proposals for the Standards and the decision was to keep the need for an ACoP under constant review.

2.   Do nothing/minimum:

In order to meet targets without introducing further measures it would be necessary to improve compliance with existing legal requirements (duty of care under S2. HSWA and requirement to assess risk under the Management Regulations), for example by a high profile HSE enforcement campaign. Without further guidance on how to comply with these legal duties there would be a real risk of continued and widespread non-compliance. Ultimately this would necessitate a test prosecution, which in the absence of clear guidelines on what is reasonable for employers to do, could be difficult to prove. If a prosecution were unsuccessful, this would undermine future enforcement activity and send the wrong message to employers.

Another important consideration is the influence of civil claims. Criteria established by civil claims so far have not addressed the risks of poor job design, or sought to prevent exposure to stress at an organisational level. Currently, mental ill health is considered difficult to reasonably foresee unless there has been a previous history of such illness. Employers could interpret this to mean they need act only after psychological damage to an individual has occurred. This is clearly at odds with existing legal duties under Health and Safety Law and, if widely adopted would do nothing to impact on incidence of ill health.

There is no case law relating to physical effects of stress such as coronary heart disease. This is because cause and effect is virtually impossible to prove on an individual basis, despite good statistical evidence supporting a link. Therefore reliance on civil claims will do little to impact on this health effect.

3.   Encourage employers and employees to work together in partnership within a framework of agreed standards of good management practice:

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[9] Abba, K, Clarke, SD & Cousins, R (2004). Assessment of the potential effects of population changes in attitudes, awareness and beliefs on self-reporting of occupational ill health. *Occupational Health* (in press).

HSE has consulted widely with organisations that are committed to tackling work-related stress to find out what such a framework might look like and how we might make it work in practice. They came up with the following 'vision' for the Management Standards:

- Practical and easy to use;
- Geared towards identifying the problem and providing guidance on how to put it right;
- Flexible and adaptable to business needs;
- Generic and applicable to businesses across the board; and
- Supported by a business case.

Based on a critical review of current available evidence on demands, control and support (Rick et al. (2002)[10]) and consideration of the wider literature, HSE drafted Standards that met these criteria and piloted these during 2003[11]. HSE then engaged with the 'expert' community, drawn from academia, human resources health and safety and consultancy to ensure the Standards are both practicable and based on best available evidence.

HSE has also carried out research that has been used to look at the degree of change in organisational culture needed to make the necessary impact on reporting of stress[12]. This model will be used to refine the performance measures that will support the Standards. Further work is underway to build a convincing and quantifiable business case.

Given the strong evidence base and partnership approach adopted during development, HSE is confident that the Standards provide a sound and practicable framework against which organisations can gauge their performance and develop solutions that are appropriate for their unique needs. Therefore, this is the preferred option for consultation.

Information sources and background assumptions

It is not possible to work out the total cost to organisations of implementing actual stress interventions, since interventions will be tailored to the needs of individual organisations. We are developing separate business case tools and case studies that can be used to demonstrate the costs and benefits of interventions. Here, we are only considering the costs to organisations of implementing the Standards within the existing duty to carry out a risk assessment under the Management of Health and Safety at Work Regulations 1999. Although no new legal duties are proposed, existing inspection activity and feedback from users of current HSE guidance indicates that many organisations have not adequately assessed risks from work-related stress. It is extremely difficult to quantify this level of non-compliance since stress is often perceived (and therefore dealt with) as a human resources issue, rather than a matter of health and safety. The reasons for non-compliance could include:

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[10] Rick, J, Thomson, L, Briner, RB, O'Regan, S & Daniels, K (2002). *Review of existing supporting scientific knowledge to underpin standards of good practice for key work-related stressors – Phase 1.* HSE Research Report 024. Sudbury: HSE Books.
[11] HSL Pilot Evaluation report to be published 2004.
[12] HSE Technical paper to be published in Work & Stress (2004).

- organisational cultures that do not recognise work-related stress as a legitimate issue for organisations to tackle (stress perceived as individual weakness or 'malingering');
- managers do not know how to 'measure' exposure to work-related stressors; and
- managers do not know which interventions are likely to be effective in preventing or manage the risks.

The financial issues surrounding the proposal have been considered by HSE in consultation with Dr Frank Bond (Goldsmiths College). Information on costs of implementing the Standards has been gathered during consultation with partners, pilot organisations, trade union representatives, human resource managers, market research organisations and the Work Foundation.

The base year for the assessment is 2004, which is when the baseline is being set for the impact evaluation. The Standards will be consulted on widely during Spring/Summer 2004, the responses analysed and final proposals put to HSC in Autumn 2004. Subject to HSC agreement, HSE plans to launch the Standards on 3 November 2004 to coincide with National Stress Awareness day.

Future costs, over a 10-year appraisal period, have been discounted using the Treasury's recommended 3.5% discount rate.

Equity and Fairness

There is no evidence to suggest that the Standards would necessarily have a different impact on people, as a function of gender, ethnic group, disability, job type, nationality or sexual orientation. HSE has an ongoing research looking at stress and ethnicity issues. Preliminary findings provide no evidence of differential effects of the six key stressors in different ethnic groups.

Atypical workers

The overall aim of the Standards is to prevent or manage the key causes of work-related stress. To the extent that these occur in organisations, all employees should benefit. However, there are some workers who may stand to benefit less from the Standards (eg homeworkers, agency/contract workers, mobile workers and any other worker who is not typically situated within the building of their employing organisation). Such workers may not benefit as much from, for example, increases in control, support and better relationships at work. However, some of these workers may not have suffered as much as in-situ workers, particularly from lack of control or poor working relationships. It is likely that such workers would, in general, still benefit from any improvement in demand levels, (perhaps support), roles and change management procedures.

Benefits

Health and Safety Benefits:

Only qualitative and anecdotal data exist for identifying immediate benefits of applying the Standards to assess the levels of workplace stressors and to develop a programme to reduce them. Benefits such as improved working relations or quality of life may be difficult to quantify. Studies tend to evaluate outcomes of particular interventions, so tend to focus on long term benefits of tackling work-related stress,

rather than quantifying immediate outcomes (such as might occur through engaging employees to develop solutions). Research in this area suggests that some of the following immediate benefits may occur:

- An increase in employees feeling valued in their workplace. Employers believe that workers will work harder, more effectively and be less likely to withhold work (either through absenteeism or terminating their employment), if they feel valued. The Management Standards approach advocates change driven by employee engagement. Thus it is very likely to be viewed positively by employees, who upon seeing the process enacted will likely feel valued even before they experience any potential health or performance benefits.

- The organisation learns how to learn. The approach is consistent with other approaches to organisational change in that it attempts to help organisations learn how to identify and solve their own problems. Specifically, it is the way in which the Standards are implemented (through staff surveys and/or focus groups) that forms the key to helping organisations learn how to improve, on their own, without necessarily the need to engage an outside consultant.

- Implementing the Standards may have other immediate benefits – some interventions may be simple but have an immediate impact on attitudes (eg in terms of satisfaction) and productivity, then subsequently a more important positive impact on employee stress and performance levels.

Other benefits

There may be wider benefits (for example, problem solving, decision making and innovation) as a result of improved communications within the organisation and employee engagement. The organisation's reputation may also be enhanced.

COSTS

Business Sectors Affected

Work-related stress can affect employees in any profession, although evidence suggests that there are particular issues in the public sector, particularly education and health. Professional occupations and middle managers are also at risk. However, the Standards are designed to be applicable to a very broad range of organisations.

Organisational factors associated with increased reporting of stress are primarily found in larger organisations, the Standards and supporting tools therefore are geared towards helping these larger organisations[13] assess the risks from workplace stress. The table below illustrates the different sectors, which could be affected by these Standards.

Sector	Number Of Firms
Agriculture, Forestry and fishing	180
Mining, Quarrying, energy and water	215
Manufacturing	10,395
Construction	2,050

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[13] Those with 50 or more employees

Wholesale, retails and repairs	5,510
Hotels and Restaurants	2,070
Transport, storage and communication	1,895
Financial Intermediation	995
Real estate, business activities	5,810
Education	540
Health and Social work	2,750
Other Social/Personal Services	1,425
All firms with 50+ employees	**33,835**
All Industry	**3,797,725**
Percentage of firms with 50+ employees	**0.89%**

Source: SBS UK 2002 (Published August 2003)

It should be noted that over 99% of firms in the UK employ less than 50 employees; these Standards are not primarily geared towards them.

As discussed earlier, these Standards are aimed at those organisations, which consist of more than 50 employees; in our costing we define a medium firm to consist of 50-249 employees and a large firm to consist of 250 or more employees.

In our analysis, we make this distinction between medium and large firms as there is a large difference in average employee numbers (see table below) between the two types. Thus their costs, and some of their work-practises, will vary considerably.

	Size	Enterprises	Employment	Average
Medium firms	50-99	18020	1254000	
	100-199	7605	1071000	
	200-249	1635	364000	
	Total	27260	2689000	**99**
Large firms	250-499	3175	1105000	
	500 or more	3415	8971000	
	Total	6590	10076000	**1529**
Medium and Large Firms		33850	12765000	**377**

Assumptions

Implementing the Management Standards requires organisations to measure the current 'state' of the organisation, against each of the six Standards. The current state will indicate areas of concern that need to be explored further. Organisations will need to reassess the 'state' periodically to check progress and identify emerging risks. We have assumed that organisations will carry out this analysis by issuing an annual questionnaire or staff attitude survey. This will then be followed by employee consultation to explore the results and develop solutions. HSE has developed guidance to support organisations in carrying out surveys and engaging employees in-house, however we assume that larger organisations will prefer to engage external expertise.

It is important that we are clear in what we are costing – we are looking at the implementation costs only: measuring the current state and the consultation that follows. We are unable to look at the policy costs due to the uncertainty of the action

the firms will undertake after their consultation. There is no single prescribed method that firms could apply that would help them to reach the given yardsticks. We have no evidence to support any particular method, nor do we have sufficient information on the proportion of firms who will surpass the benchmark. Organisational culture amongst firms varies considerably hence a 'one glove fits all' approach cannot be applied.

Total compliance costs to business

Option 1: Do nothing

It is likely that there will be some degree of unmet demand from employers for guidance on how to assess levels of work-related stress and guidance on developing strategies for combating it.

The Workplace Employee Relations Survey 1998 (WERS98) estimated that at least 45% of workplaces[14] had conducted a staff attitude survey in the last 5 years. We could assume that some of these questionnaires/surveys may already include questions, and thus have data, that could help organisations identify their current state against the Standards. However, without any guidance on how to implement the Standards, the organisations are most unlikely to have sufficient knowledge on how to develop strategies to reduce stress in the workplace.

It is highly probable that many organisations may themselves recognize stress as an issue within their firm. Work-related stress has received great publicity recently; this may prompt firms to develop their own solutions or hire non-HSE third parties to generate possible solutions. However, given that the majority if not all of the costs of developing the Standards are fixed in terms of research, it would be inefficient for more than one organisation to develop the standard. Furthermore, information deficiencies regarding the benefits of the Standards, could lead to insufficient demand from organisations and hence provide a potential private sector provider with insufficient incentive to invest resources into developing a standard.

HSE argues that these high research costs and information deficiencies, will lead to under-investment from organisations, therefore HSE should intervene to develop the standard which it can then supply as a public good.

Option 2: ACoP

For the purpose of comparing options, we are assuming that an ACoP would make both the data collection through a survey and the consultation that should follow to be mandatory and not voluntary as the Standards are currently intended to be. The ACoP, however, would not prescribe the actions necessary to reduce work-related stress. Although, perhaps unrealistic, this approach allows a sensible comparison to be made between the ACoP and voluntary standard approaches. In essence, we are assuming a higher compliance rate for Option 2 relative to Option 3. The methodology and processes to adopt these Management Standards remains unchanged.

Non – recurring costs: Familiarisation

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[14] Figures are weighted and based on responses from 1,926 managers

Familiarisation is the cost of becoming aware of the Management Standards. In order for us to estimate these costs we need information on the number of firms who feel that the Standards may be applicable to them.

In the 'Business Sectors Affected' section, figures indicated that there are 27,260 medium-sized industries in the UK and 6,590 large-sized industries. We assume 79% of medium-sized firms and 94%[15] of large firms will engage in the act of familiarisation. We estimate that it takes approximately **2 hours** of a senior manager's time to read through all the necessary information. The **aggregate cost** for medium and large firms is estimated to be **£1.4m[16]**, of which £1.1m is borne by medium firms and £0.3m by large firms.

Recurring Costs

Once senior managers have familiarised themselves with the ACoP, they will need to measure their firms' current states against the prescribed benchmark, which for the purpose of this costing is assumed as being done through a staff attitude survey.

Medium Firms

As assumed above, 79% of medium firms will familiarise themselves with the ACoP, however not all of them will implement any action as some may feel the Standards are not relevant to their organisation. We are assuming that between 59%[17] and 79% will comply with the ACoP, so the number of medium firms who will comply are between 16,083 – 21,535[18]. Of these firms, 45-58%[19] already conduct a staff survey; hence incremental costs of adding or changing questions will be negligible for them. This gives us an estimate of between **6,755 and 11,844[20] firms who will need to produce and conduct surveys from scratch.**

Surveys can be conducted in 2 different ways: paper-based or web-based. According to the IRS Employment Review[21], in 2002, 9% conducted their survey online and up to 35% were planning to do so in the next year. Applying this range to those who need to conduct surveys, we can estimate between 608 and 4,146 firms will use web-based surveys. This implies 6,147 – 7,699 firms will use a paper-based survey instead. Though not necessarily true in practice, for the purpose of this costing, we have assumed that all web-based surveys are conducted through external contractors, due to lack of in-house expertise, whereas all paper surveys are designed and implemented internally. The total cost to all medium firms of conducting

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[15] These rates are taken from the upper range of compliance levels for PUWER regulations. (Evaluation of the implementation of the use of work equipment directive 2002) 79% and 94% of medium and large firms respectively, felt these Mandatory regulations applied to them somewhat or a lot.

[16] In 2003, the average hourly pay, excluding overtime, Senior Manager (General Manager/large companies and organisation) in Great Britain was £19.20. (New Earnings Survey NES2003). The cost of a manger's time includes non-wages costs, estimated at 30% of wage costs, therefore £19.20*1.3 =£24.96 The aggregate costs therefore are [2 hours * £24.96 * [(0.79*27,260 medium firms) + (0.94*6,590 large firms)]

[17] PUWER regulation compliance estimates

[18] 59% of 27,260 and 79% of 27,260

[19] WERS98 Survey state 45% of workplaces have conducted a staff attitude survey in the last 5 years; the IRS Employment Review 'Employment Trends' 2002 estimates 58%, in the absence of other information we have used these to produce a range.

[20] If 45-58% conduct a survey, then 42-55% do not, we then apply these proportions to medium firms who would comply with an ACoP (0.42*16,083 and 0.55*21,535).

[21] Recruitment & Retention: 5th Aug 02. Based on responses from 90 medium and large organisations.

a web-based survey ranges from between £0.2-£2.5m[22]. The total cost to all medium firms of conducting a paper-based survey is £17.8-£26.8m[23], therefore giving us an **annual aggregate cost to all medium sized firm of conducting a survey of £18.0m-£29.3m**.

After a survey has been completed, employee consultation will take place in order to probe the results and develop solutions. We have assumed firms, which have existing Trade Unions (TU) or Joint Consultative Committees (JCC) in place, will pick up this new analysis within their existing resource. These organisations will have existing regular meetings that would cover various issues and we are assuming they could add stress to their agenda. According to WERS98, 34% had no existing consultation in place; 5,468 –7,322[24] firms will therefore need to set up a consultation process/focus group. For this costing we have assumed medium firms will form 2 focus groups, and will carry out the consultation in-house. **The total annual costs to all medium sized firms of setting up a focus group are £3.4m - £4.6m[25].**
Large Firms

As assumed earlier, 94% of large firms will familiarise themselves with the ACoP, however not all of them will implement any action. We are assuming that between 83%[26] and 94% will comply with the ACoP, so the numbers of large firms who will comply are between 5,470 – 6,195. Of these firms, 58%-64%[27] already conduct a staff survey; hence incremental costs of adding or changing questions will be negligible. This gives us an estimate of between **1,969 and 2,602[28] firms who will need to produce and conduct surveys from scratch.**

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[22] 608 – 4146 firms will use web-based surveys. NOP World Consultancy advised us of typical lower (£3.10) and upper band (£6.00), cost per employee figures, of conducting a survey. These costs reflect all fixed costs of preparation and web hosting, plus analysis costs, including report writing. 608 firms * 99 average employee and 4146 * 99, gives us the employee range. 60,192 – 410,454 employees * £3.10 - £6.00 = £0.2m - £2.5m aggregate costs of web-based surveys.
[23] After consultation with HSE personnel staff and other consultancy firms, we have made the following assumptions; Fixed costs of preparing, writing and posting the survey will take 5-10 days (37.5-75 staff hours), completion of the survey will take approximately 0.5 hours and analysis of results will take a further 10 days (75hours). A further variable analysis cost, as opposed to the fixed cost of analysis, will be added to reflect employee numbers; this will be 0.25 of an hour for each employee participating in the survey. NES 2003 estimates and average hourly rate of £15.56, including non-wage costs. Preparation costs are [(37.5-75 hours * £15.56) * 6,147 – 7,699 firms)] Filling in of questionnaires (£15.56 * 0.5) * [(6,147 firms * 99 average employee numbers) + (7,699 *99)]. Analysis per organisation: [(75 hours * £15.56) * 6,147-7,699 firms]. Variable Analysis: (0.25 * £15.56) * [(6,147*99) –(7,699*99)].
[24] 0.34 * 16,083 and 0.34 * 21,535(these are the number of firms who would potentially comply with the Standards)
[25] HSE has assumed 2 focus groups will be set-up, consisting of 6 people, each devoting an hour of their time. This equals 12 staff hours per organisation. At an average wage rate of £15.56 (NES0 3), including non-wage costs, this gives a per organisation cost of £186.73. A medium firm will carry out consultation of the results and the focus groups internally. We assume it will take a Health & Safety officer (NES 03 £19.54 per hour, including non-wage costs) 3 days to do this - 3 * 7.5hours = 22.5 hrs *£19.54 = £439.63 per organisation. Adding this to the focus group costs gives us a total per organisation cost of £186.73 + £ 439.63=£626.36. Annual costs of setting up a focus group are therefore (£626.36 * 5,468) – (£626.36 * 7,322 firms)
[26] PUWER regulation compliance estimates
[27] WERS98 Survey state 45% of workplaces have conducted a staff attitude survey in the last 5 years; the IRS Employment Review 'Employment Tends' 2002 estimates 58%, another article 'Recruitment and Retention' in the IRS estimate 64% have conducted a survey. In the absence of other information, we are making the assumption that larger firms are more likely to conduct a staff survey than a medium sized firm. We are using 58-64% as a range for larger firms instead of the 45-58 we used in medium firms. This is based our suspicions, and after we have spoken to other consultants.
[28] If 58-64% conduct a survey, then 36-42% do not, we then apply these proportions to large firms who would comply with an ACoP (0.36*5,470 and 0.42*6,195).

Surveys can be conducted in 2 different ways: paper-based or web-based. According to the IRS Employment Review[29], in 2002, 9% conducted their survey online and up to 35% were planning to do so in the next year. Applying this range to those who need to conduct surveys, we can estimate between 177 and 911 firms will use web-based surveys. This implies 1,691 – 1,792 firms will use a paper-based survey instead. The total cost to all large firms of conducting a web-based survey ranges from between £0.8-£8.4m[30]. The total cost to all large firms of conducting a paper-based survey is £33.1-£36.2m[31], therefore giving us an **annual aggregate cost to all large sized firm of conducting a survey of £33.9m-44.6m**.

After a survey has been completed, employee consultation will take place in order to probe the results and develop solutions. According to WERS98, 17% of large firms had no existing consultation in place; 930 –1,053[32] firms will therefore need to set up a consultation process/focus group. For this costing we have assumed large firms will form 4 focus groups, and will carry out the consultation externally. **The total annual costs to all large sized firms of setting up a focus group are £3.8m - £4.3m[33].**

Total Implementation Costs

Below is a summary of the implementation costs to medium and large organisations of adhering to an ACoP on the Stress Management Standards. Please note that although the appraisal period is over 10 years, we have assumed that no costs will be incurred after year 5 because we deem it unlikely that firms will implement the standard beyond this period either because they will have achieved what they originally desired or because the process is not suited to their organisation.

	First Year, Incl One-off		Total: PV Over 10 years		Annualised (Undiscounted)[34]	
Medium	£22,500,000	-	£101,300,000	-	£159,400,000	£21,700,000	-	£34,100,000

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[29] Recruitment & Retention: 5th Aug 02. Based on responses from 90 medium and large organisations.

[30] 177 – 911 firms will use web-based surveys. NOP World Consultancy advised us of typical lower (£3.10) and upper band (£6.00), cost per employee figures, of conducting a survey. These costs reflect all fixed costs of preparation and web hosting, plus analysis costs, including report writing. 177 firms * 1,529 average employee and 911 * 1,529, gives us the employee range. 270,633 – 1,392,919 employees * £3.10 - £6.00 = £0.8m - £8.3m aggregate costs of web-based surveys.

[31] Preparation costs are [(37.5-75 hours * £15.56) * 1,792 – 1,691 firms)] Filling in of questionnaires (£15.56 * 0.5) * [(1,691 firms * 1,529 average employee numbers) + (1,792 * 1,529)]. Analysis per organisation: [(75 hours * £15.56) * 1,691 -1,792 firms]. Variable Analysis: (0.25 * £15.56) * [(1,691*1,529) –(1,792*1,529)].

[32] 0.17 * 5,470 and 0.17 * 6,195 (these are the number of firms who would potentially comply with the Standards)

[33] HSE has assumed 4 focus groups will be set-up, consisting of 6 people, each devoting an hour of their time. This equals 24 staff hours per organisation. At an average wage rate of £15.56 (NES0 3), including non-wage costs, this gives a per organisation cost of £373.46. A large firm will carry out consultation of the results externally. We assume it will take a consultant (ACAS estimate £750 per day)) 5 days to do this - 5 * £750 per day = £3,750 per organisation. Adding this to the focus group costs gives us a total per organisation cost of £373.46 + £3,750=£4,123.46. Annual costs of setting up a focus group are therefore (£4,123.46 * 930) – (£4,123.46 * 1,053 firms)

[34] This is the fixed annual amount that once discounted over the appraisal period, will equal the present value of the costs. Let Y = Present Value, X = Fixed Annual Amount and r = discount rate, the formula

for calculating the Present Value is $y = \frac{x}{(1+r)^0} + \frac{x}{(1+r)^1} + \frac{x}{(1+r)^2} + ... \frac{x}{(1+r)^n}$.

Now to calculate the Fixed Annualised amount, we need to re-arrange the formula to give us

$x = \dfrac{y}{\sum\limits_{n}^{i=0} \frac{1}{(1+r)i}}$.

Large	£38,100,000	-	£49,200,000	£177,000,000	-	£228,600,000	£37,900,000	-	£48,900,000
Total	£60,600,000	-	£84,100,000	£278,300,000	-	£388,000,000	£59,600,000	-	£83,000,000

Option 3: Voluntary Management Standards

In order to facilitate a comparison between the voluntary and ACoP approaches to applying the Standard, we have assumed that the only difference between the two approaches is in the level of compliance.[35]. Therefore in a bid to avoid large amounts of repetition, we have **not** included explanations behind our methodology, and have opted for a brief summary of costs under each section. For further guidance on how the total sums were derived please read through the ACoP compliance costs.

Non – recurring costs: Familiarisation

In the 'Business Sectors Affected' section, figures indicated that there are 27,260 medium-sized industries in the UK and 6,590 large-sized industries. We assume 63% of medium-sized firms and 83%[36] of large firms will engage in the act of familiarisation. The **aggregate cost** for medium and large firms is estimated to be **£1.2m**[37], of which £0.9m is borne by medium firms and £0.3m by large firms.

Recurring Costs

Medium Firms

As assumed above, 63% of medium firms will familiarise themselves on the Standards, however not all of them will implement any action as some may feel the Standards are not relevant to their organisation. We are assuming that between 20%[38] and 59% will comply**,** so the numbers of medium firms who will comply are within the range of 5,452 – 16,083[39]. Of these firms, 45-58%[40] already conduct a staff survey; hence incremental costs of adding or changing questions will be negligible for them. This gives us an estimate of between **2,290 and 8,846**[41] **firms who will need to produce and conduct surveys from scratch.**

According to the IRS Employment Review[42], in 2002, 9% conducted their survey online and up to 35% were planning to do so in the next year.
Applying this range to those who need to conduct surveys, we can estimate between 206 and 3,096 firms will use web-based surveys. This implies 2,084 – 5,750 firms will use a paper-based survey instead.

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[35] The only variable affected is the number of firms.

[36] We have assumed that those firms who have existing consultation in place are those who are most likely to read about these voluntary Standards, and then decide whether to comply or not. According to WERS98, 66% of medium sized firms (66% * 27,260 = 17,991) and 83% of large firms (83% * 6,590 = 5,470) do have a means of consultation.

[37] £19.20 Manager Costs * 1.3 = £24.96 * 2hours = £49.92.The aggregate costs therefore are [£49.92 * (0.66*27,260 medium firms) + (0.83*6,590 large firms)]

[38] PUWER regulation compliance estimates of upper range & HSE guesstimate of lower range due to lack of information.

[39] 20% of 27,260 and 59% of 27,260

[40] WERS98 Survey state 45% of workplaces have conducted a staff attitude survey in the last 5 years; the IRS Employment Review 'Employment Trends' 2002 estimates 58%, in the absence of other information we have used these to produce a range.

[41] If 45-58% conduct a survey, then 42-55% do not, we then apply these proportions to medium firms who would comply with the Standards (0.42*5,452 and 0.55*16,083).

[42] Recruitment & Retention: 5th Aug 02. Based on responses from 90 medium and large organisations.

The total cost to all medium firms of conducting a web-based survey ranges from between £0.1m-£1.8m[43]. The total cost to all medium firms of conducting a paper-based survey is £6.0-£20.0m[44], therefore giving us an **annual aggregate cost to all medium sized firm of conducting a survey of £6.1m-£21.8m**.

After a survey has been completed, employee consultation will take place in order to probe the results and develop solutions. According to WERS98, 34% had no existing consultation in place; 1,854 –5,468[45] firms will therefore need to set up a consultation process/focus group. **The total annual costs to all medium sized firms of setting up a focus group are £1.2m - £3.4m[46].**

Large Firms

As assumed earlier, 83% of large firms will familiarise themselves on the Standards, however not all of them will implement any action. We are assuming that between 40%[47] and 83% will comply with the voluntary Standards, so the numbers of large firms who will comply are between 2,636 – 5,470. Of these firms, 58%-64%[48] already conduct a staff survey; hence incremental costs of adding or changing questions will be negligible. This gives us an estimate of between **949 and 2,297[49] firms who will need to produce and conduct surveys from scratch.**

According to the IRS Employment Review[50], in 2002, 9% conducted their survey online and up to 35% were planning to do so in the next year. Applying this range to those who need to produce and conduct surveys, we can estimate between 85 and 804 firms will use web-based surveys. This implies 864 – 1,493 firms will use a paper-based survey instead.

The total cost to all large firms of conducting a web-based survey ranges from between £0.4m-£7.4m[51]. The total cost to all large firms of conducting a paper-based survey is £16.9m-£30.1m[52], therefore giving us an **annual aggregate cost to all large sized firm of conducting a survey of £17.3m-£37.5m**.

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[43] 206 – 3096 firms will use web-based surveys. 206 firms * 99 average employee and 3096 * 99, gives us the employee range. 20,394 – 306,504 employees * £3.10 - £6.00 = £0.1m - £1.8m aggregate costs of web-based surveys.
[44] Preparation costs are [(37.5-75 hours * £15.56) * 2,084 – 5,750 firms)] Filling in of questionnaires (£15.56 * 0.5) * [(2,084 firms * 99 average employee numbers) + (5,750 *99)]. Analysis per organisation: [(75 hours * £15.56) * 2,084-5,750 firms]. Variable Analysis: (0.25 * £15.56) * [(2,084*99) – (5,750*99)].
[45] 0.34 * 5,452 and 0.34 * 16,083 (these are the number of firms who would voluntarily comply with the Standards)
[46] Focus groups: per organisation cost of £186.73. A medium firm will carry out consultation of the results and the focus groups internally. We assume it will take a Health & Safety officer 3 days to do this - 3 * 7.5hours = 22.5 hrs *£19.54 = £439.63 per organisation. Adding this to the focus group costs gives us a total per organisation cost of £186.73 + £439.63=£626.36. Annual costs of setting up a focus group are therefore (£626.36 * 1,854) – (£626.36 * 5,468 firms)
[47] PUWER regulation compliance estimates of upper range & HSE guesstimate of lower range due to lack of information.
[48] IRS Employment Review 'Employment Tends' 2002 estimates 58%, another article 'Recruitment and Retention' in the IRS estimate 64% have conducted a survey. In the absence of other information, we are using 58-64% as our range.
[49] If 58-64% conduct a survey, then 36-42% do not, we then apply these proportions to large firms who would comply (0.36*2,636 and 0.42*5,470).
[50] Recruitment & Retention: 5th Aug 02. Based on responses from 90 medium and large organisations.
[51] 85 – 804 firms will use web-based surveys. 85 firms * 1,529 average employee and 804 * 1529, gives us the employee range. 129,965 – 1,229,316 employees * £3.10 - £6.00 = £0.4m - £7.4m aggregate costs of web-based surveys.
[52] Preparation costs are [(37.5-75 hours * £15.56) * 864 – 1,493 firms)] Filling in of questionnaires (£15.56 * 0.5) * [(864 firms * 1,529 average employee numbers) + (1,493 * 1,529)]. Analysis per

After a survey has been completed, employee consultation will take place in order to probe the results and develop solutions. According to WERS98, 17% of large firms had no existing consultation in place; 448 –930[53] firms will therefore need to set up a consultation process/focus group. **The total annual costs to all large sized firms of setting up a focus group are £1.8m - £3.8m[54].**

Total Implementation Costs

Below is a summary of the implementation costs to medium and large organisations of adhering to voluntary Stress Management Standards.

	First Year, Incl One-off		Total: PV over 10 Years		Annualised (Undiscounted)	
Medium	£8,200,000	- £26,200,000	£34,900,000	- £119,100,000	£7,500,000	- £25,500,000
Large	£19,400,000	- £41,600,000	£89,900,000	- £193,500,000	£19,200,000	- £41,400,000
Total	**£27,600,000**	**- £67,800,000**	**£124,800,000**	**- £312,600,000**	**£26,700,000**	**- £66,900,000**

Compliance costs for typical businesses

Example – Firm A

Firm A is a Medium-sized organisation, with 99 employees. The firm has no existing staff attitude survey nor does it have an existing formal channel of consultation. Under **both** options 2 & 3, this organisation will need to assess the current state of their firm and then form a focus group to discuss the results. Firms with less than 250 employees tend to conduct paper-based surveys rather than web-based ones.

We assume it will take a senior manager approximately 2 hours to familiarise themselves with the Standards, with an estimated cost of £50[55]. Preparation, completion and analysis of the survey will cost £2,900 - £3,500[56]. Further in-house consultation of the results will cost £630[57]. Therefore the overall costs in the **first-year to Firm A** lie in the region of **£3,580 and £4,180.**

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organisation: [(75 hours * £15.56) * 864 – 1,493 firms]. Variable Analysis: (0.25 * £15.56) * [(864*1,529) – (1,493*1,529)].

[53] 0.17 * 2,636 and 0.17 * 5,470 (these are the number of firms who would voluntarily comply with the Standards)

[54] Focus groups: per organisation cost of £373.46. A large firm will carry out consultation of the results and the focus groups externally. We assume it will take consultant 5 days to do this - 5 * £750 per day = £3,750 per organisation. Adding this to the focus group costs gives us a total per organisation cost of £4,123.46. Annual costs of setting up a focus group are therefore (£4,123.46* 448) – (£4,123.46* 930 firms)

[55] In 2003, £19.20 was the hourly wage rate of a Senior Manager. Taking into account non-wage costs and overheads, estimated at 30%, the overall cost of a manger's time is £19.20 * 1.3 = £24.96 (NES 2003)

[56] Preparation of survey will take approximately 5-10 working days (37.5-75 hours), filling in of the survey is assumed to take 0.5 hours, analysis will run for 2 weeks (75 hours), and a variable cost of 15 minutes (0.25 hours) per employee is added. These are estimated using the NES 2003 average hourly rate £15.56, including non-wage costs.

[57] Consultation will include a focus group which will meet for one hour and then an in-house consultant will spend a further 3 days (22.5 hours) on developing ideas to take things forward. Focus group costs are estimated using the NES 2003 average hourly rate £15.56, including non-wage costs, whereas the

Example – Firm B

Firm B is a Large-sized organisation, with 1,529 employees. The firm has an existing staff attitude survey and an existing formal channel of consultation, either through a Trade Union of Joint Consultative Committee. Under **both** options 2 & 3, this organisation will need to assess the current state of their firm and then form a focus group to discuss the results. Firms with greater than 250 employees tend to conduct web-based surveys rather than paper-based ones.

We assume it will take a senior manager approximately 2 hours to familiarise themselves with the Standards, with an estimated cost of £50. As this firm already has a staff attitude survey in place and a process to probe the results, the incremental costs of adding questions or discussing additional results will be minimal. Therefore the overall costs in the **first year to Firm B** are approximately **£50**. Although we accept this is an underestimate, at present we have no evidence to quantify the incremental costs of additional questions and consultation, but we assume them to be negligible. The estimate is nevertheless indicative of the small incremental cost that we expect large firms to incur.

Costs to HSE

Following standard practice, we have ignored HSE's sunk costs of researching and developing the Standards. This leaves HSE facing costs of monitoring and evaluating the Standards once they have been released for general use. We estimate that the costs will lie in the range £50,000 to £150,000. There may also be costs to HSE and Local Authorities from raising awareness and, in the case of the ACoP approach, employing HSE resources to check that the Standards or their equivalents have been implemented by employers.

Environmental Impact

There are no environmental impacts for implementation of Management Standards.

Total costs to society

No additional costs to society, above those already covered under costs to business are anticipated. There are likely to be significant benefits eg quality of life, however, these are difficult to quantify.

Small firms' impact test

The small firms' impact test has not been carried out as the proposals are designed to apply to larger organisations. Small firms are less likely to have in place the organisational structures on which the Standards are based and so the applicability and usefulness of the Standards to small firms will be limited. Separate guidance is already available and other measures will be considered to help small firms tackle work-related stress.

Competition Assessment

Consultant wage is are estimated using the NES 2003 Health & Safety Officer hourly rate £19.54, including non-wage costs.

The identification of markets for assessing the competition impact of the Management Standards for stress is problematic. The Standards are relevant for a very large range of public and private organisations and therefore the choice of markets in which competition could be affected is similarly large. In such circumstances the Office of Fair Trading recommends that markets are selected on the basis of the greatest likelihood of adverse competition effects. This is most likely where there is a high level of supplier concentration.

In the case of the Management Standards for stress, HSE takes the view that identifying specific markets would be unproductive. This is because there are no major industry-specific differences in the way that the Standards can be applied as a means of measuring work-related stress. This does not imply that there are no industry-specific methods by which stress can be reduced. However, action taken to reduce stress is beyond the scope of this RIA.

In order to have a discussion of possible competition effects from applying the Standards as a means of assessing levels of work-related stress, HSE has decided to identify a notional market that experiences high levels of market concentration and, as well as being supplied by domestic firms, is also supplied by foreign companies that do not apply equivalent means of measuring work-related stress. If adverse competition effects are a possibility, they are most likely to show up in this notional market.

In the cases both of voluntary compliance and an ACoP, some firms would incur costs that others would not. This is particularly so in the comparison between medium and large sized companies, as indicated in the section on "Compliance Costs for Typical Businesses". However it is unlikely that the cost differences alone would be sufficient to lead to decline in a company's fortunes relative to its competitors. For this reason, the structure and size of the market is unlikely to change. Set-up and on-going costs for new entrants to the market would not be significantly different from those incurred by existing firms. Finally, no firms would be disadvantaged in terms of their ability to choose the price, quality, location or range of their products.

On balance, it is unlikely that using the Management Standards to gauge levels of work-related stress would lead to adverse competition effects.

BALANCE OF COSTS AND BENEFITS

	First Year, Incl One-off		Total: PV over 10 Years		Annualised (Undiscounted)	
Option 1:ACoP	£60,600,000	- £84,100,000	£278,400,000	- £388,200,000	£59,600,000	- £83,000,000
Option 2:Voluntary	£27,600,000	- £67,800,000	£124,900,000	- £312,800,000	£26,700,000	- £66,900,000

The balance of costs and benefits is impossible to state quantitatively as we are unable to estimate the absolute value of benefits that will arise from these Standards. However, some feeling for the benefits can be gained by assessing the number of cases of occupational stress that must be prevented in order to justify the costs of running the surveys and the consultation that follows.

Option 2: ACOP

Over the 10-year appraisal period, the total *undiscounted* compliance costs are estimated to be between £298 and £415 million. The undiscounted, average estimated cost per case of work-related stress in 2001/02 prices is £13,265[58]. Assuming that these costs are representative of the appraisal period, HSE has estimated that 22,442 to 31,287[59] cases (0.4% to 0.6% of stress-related ill health cases over the 10-year appraisal period[60]) will need to be prevented in order to justify the costs of the mandatory Management Standards.

Option 3: Voluntary Management Standards

Over the 10-year appraisal period, the total *undiscounted* compliance costs are estimated to be between £133 and £334 million. The undiscounted, average estimated cost per case of work-related stress in 2001/02 prices is £13,265. Assuming that these costs are representative of the appraisal period, HSE has estimated that 10,056 to 25,207 cases (0.2% to 0.4% of stress-related ill health cases over the 10-year appraisal period) will need to be prevented in order to justify the costs of the voluntary Management Standards.

Uncertainties

The largest uncertainty in the calculation of compliance costs surrounds the anticipated rates of voluntary adoption of the Standards. This uncertainty was incorporated into the estimates by using wide ranges for the level of adoption. Separate ranges were assumed for medium sized firms (20 to 59%) for and large firms (40 to 83%) in order to reflect current staff consultation practices in firms of different size categories. The estimates also suffer from other uncertainties, such as the method that employers would use to run surveys and probe more deeply into the survey results. For instance, costs vary according to whether the survey would be paper/email based as opposed to web based, and according to whether consultants would be hired. Again, assumptions were differentiated by firm size and the uncertainties were incorporated using ranges.

Enforcement and sanctions

The Management Standards are guidance which should help employers comply with their statutory duties (ie to assess risks and protect employees from harm to their mental health.

HSE's approach to tackling work-related stress is not primarily enforcement led, as demonstrated by the small number of enforcement notices on Stress that HSE has issued to date (January 2004).

HSE aims to act proportionaly and consistently. In order to enforce the statutory obligations, HSE would need to find clear evidence of a breach of health and safety law, or a demonstrable risk to the health and safety of employees or members of the public.

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[58] In 1995/96 the cost to Society of stress-related illness was estimated at £3,659 - £3799m, during the same period, stress prevalence rates stood at 400,000 cases, giving us an average cost per case of £9,323. Uprating this figure, using changes in GDP per capita, to 2001/02 values gives us an average cost per case of £13,265.
[59] £298m and £415m divided by £13,265
[60] Stress, depression or anxiety has an estimated prevalence of 563,000 - HSE Statistics Highlights 2002/03. We are assuming this prevalence rate is reflective of the rates of work-related stress over the entire 10 year appraisal period, 10 * 563,000 = 5,630,000 stress related cases over 10 years

An organisation that undertook a risk assessment based on the approach in HSE's current guidance (HSG218 *Tackling work-related stress, a managers' guide to improving and maintaining employee health and wellbeing*) and identified major problems/issues, would be unlikely to be subject to enforcement action by HSE provided it could demonstrate it was taking steps to address those problems/issues.

Consultation

To be completed following public consultation.

Arrangements for monitoring and evaluation

Formal monitoring and evaluation of the Management Standards will be carried out. Final proposals are being developed, but will comprise three strands:

- changes in reported workplace conditions (as an indicator of organisational culture);
- health effects; and
- business benefits.

HSE will monitor changes in workplace conditions by carrying out a yearly workplace survey (the Omnibus survey). A set of carefully designed questions, linked to the states to be achieved, will be asked to a representative sample of British workers in order to gauge the impact of the Standards on perceived workplace conditions. The question set is being run during Spring 2004 to establish the baseline for the evaluation. Not all aspects of the states to achieved may be apparent to employees. Also, reporting may be influenced by other factors such as changing awareness/attitudes towards stress. Therefore, the survey data will be supplemented by information on other changes eg surveillance schemes, media analysis.

Changes in health effects and business benefits will be monitored by setting up a longer term study to follow the progress of a small number (around four) organisations as they implement the Standards and put in place interventions. The details of this study are still under negotiation **[BWED7 and EAU evaluation contact to advise on study design]**.

Summary and recommendation

To be completed for full RIA.

Ministerial Declaration

To be completed for full RIA

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