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HEALTH AND SAFETY EXECUTIVE

The HSE Board

New Impact Assessments

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Cleared by: Giles Denham on 12 June 2007

Issue

1. In May, the Better Regulation Executive (BRE) introduced new Impact Assessment (IA) guidance stating that IAs should now be prepared for all new policy initiatives (regulatory and non-regulatory) that are likely to have an impact on business (imposing or reducing costs). It is now seen as a tool that helps to develop policy rather than an additional document to support a policy decision.

Timing

2. The new impact assessment guidance applied from the end of May. We would like to inform colleagues about these new procedures as soon as possible so that the new approach to carrying out IAs can be fully embedded in any policy decisions.

Recommendation

3. That the Board:
 - a. support and encourage the use of the IA tool in policy making (para 6)
 - b. note the new broader requirements for IAs (para 7);
 - c. agree that we should disseminate the new process widely through an entry in e-express and through the 'better policy making awareness sessions'.

Background

4. In 2006, the BRE undertook a public consultation on revising regulatory impact assessments (RIAs). The key objectives of the consultation were to ensure that assessments presented costs and benefits information in a more transparent way, and were carried out and updated throughout the policy making cycle. HSE, along with the other departments, commented on the draft guidance and these comments have been reflected in the final version. The IA procedure took effect in May 2007 and new guidance consisting of an online toolkit (offering additional guidance and links) is available on the BRE web site.
5. Impact Assessments are generally applicable to all Government interventions affecting the private sector and public services, regardless of source: domestic or international. Their preparation and publication ensure that those with an interest understand and can challenge why: the Government is proposing to intervene;

how and to what extent new policies impact on them; and the estimated costs and benefits proposed of the measures.

Argument

6. There is some evidence in HSE that Regulatory Impact Assessments (RIA) have been used in helping to develop policies but, on the whole, the RIA tends to be drafted only once the policy had been decided. One of the key challenges for the Better Regulation Team is to market the new IA as a tool designed to help officials develop policies and explore options. This will contribute to deciding on the right desired outcome. **To do this effectively we need senior management support in disseminating this widely across HSE, particularly as it applies to non-legislative proposals.**
7. BRE would ideally like to see the IA used in developing all policy making decisions. The general rule is that any policy which is likely to reduce/increase costs to businesses, charities and public sector of above £5m should have an impact assessment. However, we suggest the following as a general guide for when IAs are required:
 - Negotiating EU Directives/Regulations.
 - Primary/secondary legislation.
 - ACoPs.
 - New guidance/standards, aimed at significantly changing behaviour e.g. Workplace Transport Route Map & Stress Management Standards.
 - Revisions of existing guidance, including where legal requirements are being clarified.
 - Changes to licensing/safety case regime which result in changes to standards e.g. containment policy, new licensing requirements; and
 - Major policy options but no firm proposal e.g. societal risk.
8. In some cases, when developing the options it may be necessary to prepare a 'light touch' IA to establish that the cost savings/increases of the preferred option is below £5m. The economists must be consulted when this is the case. It is difficult to identify policy activities that are below £5m but IAs are clearly not required for campaigns, SHADS or leaflets.
9. The new system requires the IA to be signed off by either the Chair (for HSC consultations) or the Chief Executive (for HSE documents eg guidance). The Minister will continue to sign off IAs in approving the final legislative proposal. It has been agreed that the Chief Economist will provide written assurance to the Chair/Chief Executive that she has been involved in the process, from the start, and that the analysis is adequate. To avoid disagreements, it is important that when a new policy is being developed the owner of the policy collaborates with the lead economist at the outset. If there are any remaining disagreements, unable to be resolved at working level, the HSE Challenge Panel will act as arbitrator. We will review the process again following the merger of the HSC and HSE.

Consultation

10. We have consulted the Economic Advisers Unit in drawing up this paper and agreed the sign off arrangements with the Chair and Chief Executive.

Presentation

11. The Better Regulation Executive takes the lead on this issue and is likely to monitor how the new guidance is being used in departments. Some business groups are also likely to take an interest in whether they provide better quality assessments.

Financial/Resource Implications for HSE

12. It is difficult to quantify the costs of the changes to IAs as this is essentially an extension of good practice in policy development. However, based on the number of RIAs that were ongoing over the past twelve months (about 14), the Chief Economist believes that the increase in scope could result in 40% more IAs (about 6). The Chief Scientist is intending to bring a paper to the Board on wider economist and social scientist resourcing issues at a future date. However a best guestimate figure, at this stage, could be an additional 0.4 Band 1, 1 Band 2 and 1 Band 4 (£200k). In discussion with other departments, we understand, that they have been applying this wide scope for some time.
13. The 'Better Policy Making' sessions, run by the Better Regulation Team are aimed at updating colleagues on changes to the better regulation agenda. There will be no additional resource costs for these sessions.

Action

14. Following the Board's steer and agreement, we will inform all HSE staff about these developments and we will report to the Commission in a wider Better Regulation update paper.