

Title: Impact Assessment for Proposed Changes to the RIDDOR Reporting System IA No: HSE0072 Lead department or agency: Health and Safety Executive (HSE) Other departments or agencies: Office of Rail Regulation (ORR)	Impact Assessment (IA)			
	Date: 08/02/2013			
	Stage: Final			
	Source of intervention: Domestic			
	Type of measure: Secondary Legislation			
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Summary: Intervention and Options	RPC Opinion: Green
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as Two-Out?
£1.30m	£0.27	£-0.03	Yes OUT

What is the problem under consideration? Why is government intervention necessary?

The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (as amended) (RIDDOR) came into force in 1996. A public consultation in 2005, and two subsequent reviews of the British occupational health and safety system by Lord Young (2010) and Professor Löfstedt (2011) showed a need to simplify and clarify the reporting and recording requirements. These proposals, as informed by the 2012 public consultation, aim to achieve this, thereby meeting the Government's commitment to implement the two reports' recommendations while retaining information with respect of HSE's areas of key priority. As part of the Red Tape Challenge process, the Government has made a commitment to have revised regulations in place by 2013.

What are the policy objectives and the intended effects?

HSE primarily aims to simplify and clarify the RIDDOR reporting requirements for occupational accidents, dangerous occurrences and diseases, as recommended by Professor Löfstedt in his report, "Reclaiming Health and Safety for All." In addition, the proposed changes seek to ensure the continued availability of information required for effective regulation, whilst removing reporting requirements for data which is rarely used, or could be otherwise obtained. The regulations also serve to implement a number of EU Directive requirements. The proposals have been modified in light of consultation responses, including responses from businesses, Trades Unions and co-regulators. The revised proposals address particular concerns associated with serious accidents to members of the public, work-related ill health and rail incidents.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

The three policy options considered in this impact assessment are 1) Do Nothing, 2) Amend RIDDOR as originally proposed in the public Consultative Document and 3) Amend RIDDOR largely as originally proposed, but with modified reporting requirements for accidents to members of the public, work-related ill health and rail-specific dangerous occurrences. Policy Option 3 is preferred as it addresses significant concerns raised through the consultation process while still reducing burdens on business, delivers a small OUT under the Government's One-In Two-Out policy and meets the government Red Tape Challenge commitment to implement the recommendations of the two reviews of the health and safety system in Great Britain. In addition to the options considered in this impact assessment, a range of options were considered at both the policy development stage and post-consultation, but were not taken further as they were not deemed to be feasible or the potential benefits were not felt to justify the associated costs.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 05/17

Does implementation go beyond minimum EU requirements?				Yes		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes	
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded: NA		Non-traded: NA

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

Mark Hoban

Date: 20/03/2013

Summary: Analysis & Evidence

Policy Option 1

Description: Do Nothing

FULL ECONOMIC ASSESSMENT

Price Base Year NA	PV Base Year NA	Time Period Years NA	Net Benefit (Present Value (PV)) (£m)		
			Low: NA	High: NA	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	NA	NA	NA	NA
High	NA		NA	NA
Best Estimate	NA		NA	NA

Description and scale of key monetised costs by 'main affected groups'

This is the baseline, and therefore there are no monetised costs.

Other key non-monetised costs by 'main affected groups'

There is a reputational risk to HSE for failing to implement Government policy.

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	NA	NA	NA	NA
High	NA		NA	NA
Best Estimate	NA		NA	NA

Description and scale of key monetised benefits by 'main affected groups'

This is the baseline, and therefore there are no monetised benefits.

Other key non-monetised benefits by 'main affected groups'

This is the baseline, and therefore there are no non-monetised benefits.

Key assumptions/sensitivities/risks

NA

Discount rate (%)

NA

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: NA	Benefits: NA	Net: NA	No	NA

Summary: Analysis & Evidence

Policy Option 2

Description: Reporting only of Fatal Injuries to workers and members of the public, Major Injuries (revised list) and Over-7-Day Injuries to workers and certain Dangerous Occurrences and Gas Events

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 10.86	High: 13.67	Best Estimate: 12.26

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	1.4	1	NA	1.4
High	4.2		NA	4.2
Best Estimate	2.8		NA	2.8

Description and scale of key monetised costs by 'main affected groups'

The costs to business accrue from familiarisation, which totals a best estimate of £2.4 million and updating IT systems with a best estimate of £320 thousand. There are costs to HSE and the ORR from facilitating the changes of an estimated £90 thousand. These are all one-off costs.

Other key non-monetised costs by 'main affected groups'

Since consultation, HSE has given further consideration to the impact on employers' management of health and safety and its own regulatory requirements. Based on responses from the public and co-regulators, HSE assesses that there is likely to be a significant negative operational impact from the changes originally proposed at consultation stage. In addition, the original proposals did not sufficiently implement certain EU legal obligations. HSE now seeks to address these issues through the proposal of Option 3. This is discussed further in the evidence base.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	NA	NA	NA	NA
High	NA		NA	NA
Best Estimate	NA		1.7	15.0

Description and scale of key monetised benefits by 'main affected groups'

There are annual cost savings resulting from the reduced number of RIDDOR reports submitted of £1.7 million per annum. Of this, it is estimated that business would save £880 thousand annually and government would save £860 thousand annually. This gives rise to present value savings of about £15 million, of which around £7.6 million accrues to business and £7.4 million to Government. Cost savings have been calculated on best estimates without a range of uncertainty as HSE have taken a simplified approach to modelling and the results are not particularly sensitive to arbitrary levels of uncertainty.

Other key non-monetised benefits by 'main affected groups'

It is expected that the simplification of the reporting requirements under RIDDOR would yield a benefit to reporters through reduced effort in determining whether incidents are reportable or not. It is also anticipated that, with clearer requirements, the number of reports submitted for non-reportable incidents would reduce.

Key assumptions/sensitivities/risks

There is a risk that if the compliance rate with RIDDOR increases as a result of the proposed changes and simplifications then the cost savings will reduce. As HSE has no way of estimating the likely increase in compliance rates, it is assumed that compliance does not change. This is discussed further in the evidence base.

Discount rate (%) 3.5

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:	In scope of OITO?	Measure qualifies as
Costs: 0.3 Benefits: 0.9 Net: 0.6	Yes	OUT

Summary: Analysis & Evidence

Policy Option 3

Description: Revision of list of reportable Major Injuries, Ill Health conditions and certain Dangerous Occurrences and Gas Events

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £0.78	High: £1.82	Best Estimate: £1.30

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0.5	1	NA
High	£1.5	1	NA
Best Estimate	£1.0	1	NA

Description and scale of key monetised costs by 'main affected groups'

The costs to business arise from familiarisation with a best estimate cost of £580 thousand and updating IT systems with a best estimate cost of £320 thousand. Familiarisation costs are lower under Option 3 than Option 2 due to the reduced scope of the proposed amendments. There are costs to HSE and the ORR from facilitating the changes of an estimated £90 thousand. These are all one-off costs.

Other key non-monetised costs by 'main affected groups'

HSE considers that the retention of certain reporting requirements in respect of accidents to members of the public, work-related ill health and rail-specific dangerous occurrences will mitigate the operational and legal risks posed by the proposals under Option 2.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	NA	NA	NA
High	NA	NA	NA
Best Estimate	NA	£0.3	£2.3

Description and scale of key monetised benefits by 'main affected groups'

It is expected that reduced RIDDOR reporting under Option 3 would yield cost savings of around £265 thousand per annum. Of this, it is estimated that £135 thousand accrue to business and £130 thousand to Government. This gives rise to present value savings of £2.3 million, of which £1.17 million accrues to business and £1.1 million to Government. Cost savings have been calculated on best estimates without a range of uncertainty as HSE have taken a simplified approach to modelling and the results are not particularly sensitive to arbitrary levels of uncertainty.

Other key non-monetised benefits by 'main affected groups'

It is expected that the simplification of the reporting requirements under RIDDOR would yield a benefit to reporters through reduced effort in determining whether incidents are reportable or not. It is also anticipated that, with clearer requirements, the number of reports submitted for non-reportable incidents would reduce.

Key assumptions/sensitivities/risks

Given the small anticipated net benefit to business, this position is particularly sensitive to the cost of familiarisation, which forms the majority of business costs.

There is a risk that if the compliance rate with RIDDOR increases as a result of the proposed changes and simplifications then the cost savings will reduce. As HSE has no way of estimating the likely increase in compliance rates, it is assumed that compliance does not change. This is discussed further in the evidence base.

Discount rate (%)

3.5

BUSINESS ASSESSMENT (Option 3)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: £0.1	Benefits: £0.1	Net: £0.0	Yes	OUT

Evidence Base (for summary sheets)

Problem under Consideration

1. HSE aims to simplify, clarify and improve Britain's occupational accident and disease reporting requirements, under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (as amended) (RIDDOR). The current regulations have been in force since 1996, and place duties on employers, occupiers of work premises and the self employed which require:
 - The prompt reporting of all fatal accidents, and those which result in "major injuries" to workers as defined;
 - The reporting of accidents which result in non-workers being taken to hospital for treatment;
 - The reporting of certain diseases when diagnosed by a doctor and associated with the work being undertaken by the sufferer;
 - The reporting of any accidents resulting in the incapacitation of a worker for a specified period. (In April 2012, the relevant period of incapacitation was extended from over-3-days to over-7-days);
 - The reporting of various other incidents in specific industry sectors, such as offshore hydrocarbon releases and dangerous gas fittings.
2. HSE is seeking to address a number of issues and concerns which have arisen over time in respect of the RIDDOR requirements, and in particular are responding to a clear commitment by HM Government to have a simpler accident reporting regime in place by 2013.

Rationale for Intervention

3. In October 2010, the Government report, "Common Sense, Common Safety" recommended that HSE re-examine the operation of RIDDOR to ensure that it was the best approach to providing an accurate national picture of workplace accidents. This report also mandated the specific change in the reporting requirements relating to the incapacitation of a worker from over-3-days to over-7-days.
4. In 2011, Professor Löfstedt in his report "Reclaiming Health and Safety for All: An independent review of health and safety legislation" identified a number of issues associated with the RIDDOR regulations. In particular, the report identified concerns that the categories of reportable accidents were unnecessarily complicated, and that it was often time consuming for organisations to determine if accidents and incidents should be reported. Professor Löfstedt recommended that RIDDOR be amended to provide clarity for businesses on how to comply, by reducing ambiguity over reporting requirements, particularly in relation to incidents involving members of the public. The Government accepted this recommendation, and have undertaken to do this by 2013¹. Responses to the 2012 public consultation on the present proposals to amend RIDDOR have reinforced the finding that the existing requirements create difficulties for those with reporting duties. 61% of respondents answered "yes" to the question "*Has your organisation ever experienced difficulty or uncertainty in determining whether incidents must be reported under RIDDOR?*" 38% of those who answered "yes" were from business.

¹ <http://www.dwp.gov.uk/docs/lofstedt-report-response.pdf>

5. In the same report, Professor Löfstedt also recommended that the self-employed should be exempted from health and safety law, where their work poses no potential risk of harm to others. The Government accepted this recommendation, and undertook to implement this by 2013. It is proposed that the self-employed who pose no potential risk of harm to others will be made exempt from RIDDOR but the costs and benefits of doing so will be captured in a separate impact assessment explicitly looking at this policy.
6. The above reports and government commitments represent key factors in the rationale for changing the existing regulations. These are complemented by the findings of both the 2012 public consultation on the proposals to revise RIDDOR, and a previous 2005 public consultation, which also showed a need to simplify and clarify the reporting and recording requirements.²
7. In addition to the need to simplify and clarify the requirements, analysis of the operation of the existing reporting regime has also identified issues with compliance, and the quality of information received. Compliance with RIDDOR is known to be low. While the enforcing authorities are informed about almost all relevant fatal workplace injuries, it is known that non-fatal injuries are substantially under-reported. Currently, it is estimated that just over half of all such injuries to employees are actually reported, with the self-employed reporting a much smaller proportion. Stakeholder engagement suggests that this is attributable to the complexity of the requirements; perceived fears of over-zealous enforcement; and confusion over whether reports required from other agencies satisfy the RIDDOR reporting requirements.³
8. The quality and reliability of the information received via RIDDOR is also often poor in comparison with other data sources. For example, the information regarding reported incidents of occupational disease is:
 - frequently received too late to act as a reliable trigger for investigation by the regulatory authority; and
 - so incomplete that it is not regarded as an appropriate data set for statistical analysis of occupational ill health in Britain.
9. The rationale for intervention can therefore be summarised as:
 - To simplify and clarify the reporting requirements in accordance with the findings of two recent Government reports and the findings of a fundamental review of the RIDDOR regulations conducted in 2005;
 - To reduce the legislative reporting burden on business by removing reporting requirements where the information is not used or could be better obtained from other sources⁴; and
 - To address issues associated with poor compliance and poor data quality with the aim to improve them both through clearer and simpler requirements.

Policy Objective

² Results and discussion of the 2005 consultation are published [<http://www.hse.gov.uk/aboutus/meetings/hscarchive/2005/061205/ca10.htm>]

³ For more information, please see HSE (2007) An Investigation of Reporting of Workplace Accidents Under RIDDOR Using the Merseyside Accident Information Model [<http://www.hse.gov.uk/research/rrpdf/rr528.pdf>]

⁴ Including removing the legislative reporting burden from the self-employed whose work poses no risk to others, in accordance with a clear Government commitment. This is discussed in a separate impact assessment.

10. The primary objective of the proposal to revise the RIDDOR regulations is to simplify, clarify and improve the regulatory system for the reporting of workplace accidents, incidents and diseases. It is vital to ensure that the supply of useful information is retained, and to facilitate improved reporting of such information. However, businesses should not be required to provide information which is either not used or could be better obtained from other sources.
11. To this end, it is considered that any new reporting requirements should:
- Reflect the operational information requirements of enforcing authorities including HSE and Local Authorities (i.e. requiring the reporting of individual incidents which are serious, which are unlikely to be brought to regulators' attention by other means, and which reflect established priorities for regulatory attention.)
 - Provide sufficient data for HSE and others to prioritise work and act in a risk-based manner.
 - Continue to provide sufficient data for statistical and intelligence purposes, including to meet European and other international obligations.
 - Simplify and clarify reporting requirements, by:
 - Removing duties to report matters where the information is of little use or unreliable (e.g. in relation to some occupational diseases.)
 - Removing duties to report matters where there are other legally binding or established mechanisms in place to inform other agencies and regulators about incidents and issues.
 - Reviewing and clarifying the language of the regulations, to make compliance easier.⁵
12. The proposed revision is intended to provide a reporting mechanism that is appropriate for HSE's current and anticipated needs, which allows regulators including HSE and local authorities to operate effectively, and which is proportionate in its demands upon business.
13. The proposals do not represent any fundamental change to established HSE policy or strategic objectives. As such, there is no intention to widen the scope of the existing RIDDOR requirements, e.g. into areas where HSE and other enforcing authorities do not have primacy, such as work-related road traffic accidents.

Description of Options Considered

14. The RIDDOR requirements are complex, and have a broad scope applying across all industry sectors. In furtherance of the government commitment to Professor Löfstedt's recommendation that RIDDOR and its associated guidance be amended, and in accordance with obligations under the Health and Safety at Work etc, Act 1974, HSE was required to consult upon a specific proposal for legislative change. The HSE Board agreed proposals which would meet the policy objectives outlined above, as presented within the Consultation Document (Option 2, below). The intention underlying the public consultation was to present this proposal as a suite of changes, and to elicit comment on each aspect of the proposal in order to inform further consideration and development by HSE.
15. In light of the consultation feedback and also in response to certain EU legal obligations, specific aspects of the consultation proposal represented by Option 2 have been

⁵ As footnote 4, the additional revocation of reporting requirements from the self-employed whose work poses no harm to others will be discussed in a separate impact assessment.

modified. These modifications are presented as Option 3, and represent HSE's considered proposal following consultation and discussion both internally and with co-regulators including Local Authorities. In early 2013, this revised position was agreed by the HSE Board as fulfilling the stated Government commitment while addressing the significant concerns raised through consultation.

Option 1 – Do Nothing

16. Option 1 is the 'Do Nothing' or baseline option. Under this option, no changes to RIDDOR would be made and the status-quo would continue. Given the clear policy commitment to simplify and clarify the regulations, this option is considered purely as a baseline against which the impact of the revised regulations can be assessed.

Option 2 – Reporting only of Fatal Injuries to workers and members of the public, Major Injuries (revised list) and Over-7-Day injuries to workers and certain Dangerous Occurrences and Gas Events

17. This option would remove the RIDDOR reporting requirement in respect of occupational diseases, and would reduce the scope of reporting requirements in respect of both major injuries and dangerous occurrences. For example, the dislocation of a joint or a temporary loss of sight would no longer be classed as a major injury. Certain dangerous occurrences, which are not associated with major hazard sectors or high risk activities, would no longer require reporting. Employers and persons in control of work premises would only report the following that are currently within the scope of RIDDOR:

- All deaths to both workers and people not at work
- All major injuries (the revised list which can be found in paragraphs 69 to 77) to people at work
- Over-seven day (O7D) injuries to people at work.
- Dangerous occurrences associated with higher-risk industries and activities.
- Domestic gas events.

18. Those self-employed who pose no risk to others will be made exempt from RIDDOR. The analysis of this change is considered in the impact assessment that looks at the policy of exempting this group of self employed people from health and safety legislation more generally, and so is not considered further in this impact assessment to avoid double counting of costs and benefits.⁶

Option 3 - Revision of list of reportable Major Injuries, Ill Health conditions and certain Dangerous Occurrences and Gas Events

19. This option would be to revise the reporting requirements with respect to **major injuries** and **dangerous occurrences** in the same manner as Option 2. However, it would retain the status quo for reporting of non-fatal injuries to non-workers, and rather than revoking the reporting requirements for occupational ill health would seek to revise and simplify the list of reportable ill health conditions from the current 47 specified conditions to eight. Two of these implement specific requirements of EU Directives on Biological Agents and work-related cancers, and the remaining six represent the most frequently reported types

⁶ The consultation-stage impact assessment for the exemption of the self-employed is published at Appendix A at the following address [<http://consultations.hse.gov.uk/gf2.ti/f/16802/442789.1/PDF/-/CD242%20Complete.pdf>]

of ill health under the existing reporting requirements. This information is of value to regulators in targeting and prioritising regulatory interventions in a risk-based manner. In addition, in the light of EU rail incident reporting requirements, and revised information from the Office of Rail Regulation, it is now proposed to retain all but one of the railways-specific dangerous occurrences that would have been revoked under Option 2.

20. Employers and persons in control of work premises would only report the following that are currently within the scope of RIDDOR:

- All deaths to both workers and people not at work
- All major injuries (the revised list which can be found in paragraphs 69 to 77) to people at work
- Over-seven day (O7D) injuries to people at work.
- Dangerous occurrences associated with higher-risk industries and activities.
- Domestic gas events.
- Non-fatal injuries to non-workers requiring hospital treatment
- The following ill health conditions:
 - Hand Arm Vibration Syndrome
 - Carpal tunnel syndrome
 - Dermatitis
 - Severe cramp of the arm
 - Tendonitis
 - Occupational asthma
 - Any work-related cancer
 - Any disease arising from a work-related exposure to a Biological Agent.

21. This option addresses concerns raised through the public consultation process, including dialogue with co-regulators and regulatory specialists within HSE. With respect to **non-fatal injuries to members of the public**, the key aspects of the consultation analysis are presented below:

- 56% of respondents in consultation did not agree with removing the requirement to report non-fatal accidents to non-workers, with representatives from “public-facing” industries including fairgrounds and the rail sector expressing particular concern, on the basis that in such industries it is predominantly non-workers who may be most at risk from work-related accidents.
- Whilst it was generally agreed that such a change would make compliance easier, a number of potential negative consequences were identified, including:
 - A reduction in the information available to regulatory bodies, and consequently their ability to promptly investigate individual incidents.
 - The loss of data or intelligence that is of some value at national, sector or company level.
 - The potential for significant failures to be missed, posing continued risk to workers and non-workers alike.
 - Concern that such changes could ultimately lead to lower standards and afford less protection to non-workers.

22. In light of these concerns, HSE considered several alternative thresholds for reporting accidents to members of the public, including sector-specific requirements, and requirements based on the severity of injury. However, these were considered inappropriate by HSE due to their impracticality and because they represented no significant simplification of the reporting requirements. The proposal under Option 3 is to make no change. Option 3 is the best way of ensuring the continued supply of important information, whilst minimising unnecessary burdens on business arising from legislative

change (i.e. it avoids some familiarisation time and cost associated with new requirements for non-worker accidents under Option 2).

23. For **occupational ill health**, whilst there was overall support for the proposal under Option 2 to remove most reporting requirements from businesses, strong concerns were expressed across a range of industry sectors, including Local Authority co-regulators and trades unions. Consultation responses suggested that:
- The proposed change would have a detrimental impact on standards and hazard control, since reporting requirements serve to raise awareness of health issues among dutyholders and ultimately a lesser priority may be afforded to such risks; and
 - The proposed change would result in a significant loss of information to regulatory bodies, compromising their ability to investigate where there is a continuing risk and to identify trends and set priorities.
24. In light of these concerns, reporting requirements are proposed which retain a limited list of short-latency diseases where immediate intervention is justified and where the information is of significant use for regulatory purposes. The proposal is to add these to the list containing the two categories of long-latency health conditions where reports are required by virtue of EU requirements on Occupational Cancer and Biological Agents. The short latency conditions are given in paragraph 20.
25. Following publication of the Consultative Document, revised information was received from the Office of Rail Regulation (ORR) regarding those incidents that they require reporting to them from a regulatory perspective. In particular, whilst there are alternative mechanisms in place allowing the collection of relevant information from major rail operators, such systems are not in place for other dutyholders in the sector, such as the operators of tram-systems or heritage railways. The consultation process also highlighted the relevance of the reporting requirements associated with the Common Safety Indicators established through EU Directive 2004/49/EC.
26. In light of this new information, revised reporting requirements relating to the rail sector are proposed by ORR. Under Option 2, reporting requirements for thirteen rail-specific Dangerous Occurrences were to be removed. Under Option 3, it is proposed by ORR to retain all but one of these rail-specific Dangerous Occurrences (the one exception being for Dangerous Occurrence 71 (DO 71), which deals with passenger congestion at stations rather than the risk to train movements). The impact of all option on the railways is discussed fully in the ORR impact assessment at Annex 1.

Analysis of Costs and Benefits

Assumptions

27. This impact assessment considers costs and benefits that extend into the future. Consequently, it is important for any monetised impacts to be expressed in present values to enable comparison between policy options. The discount rate used to generate these present values is defined in the Green Book⁷ as 3.5% per annum for any appraisal period of less than 30 years.

⁷ http://www.hm-treasury.gov.uk/d/green_book_complete.pdf

28. Guidance issued by the Department for Business, Innovation and Skills⁸ states that where a policy has costs and benefits that extend into the future and the policy has no identifiable end point, the impacts of the policy should be appraised over ten years. As this is the case for this policy, an appraisal period of ten years is used when considering the impact of costs and benefits in the future.
29. Where an individual or company is required to spend time doing something identified in this impact assessment, the value of their time (referred to as the opportunity cost of time) is approximated using wage data from the Annual Survey of Hours and Earnings (ASHE)⁹. The wage data extracted from ASHE is then uprated by 30% to reflect non-wage costs such as employer pension or National Insurance contributions, in line with guidance from the Green Book. The exception is where time spent by HSE is valued, in which case an internal source of data, the Global Ready Reckoner, is used. The wage data extracted from this source is not uprated by 30% as it already contains all non-wage costs.

Calculation of the Cost of a RIDDOR Report

30. A previous impact assessment¹⁰ was conducted in 2011 that estimated the impact of changing the RIDDOR reporting requirement for lost time injuries from over 3 days to over 7 days. In that impact assessment, which was deemed fit for purpose by the Regulatory Policy Committee¹¹, assumptions were made about the cost of submitting a RIDDOR report for HSE, Local Authorities (LAs) and employers. These assumptions have been updated to reflect the latest data available on wages and to take account of new evidence, but the underlying methodology has remained the same.
31. The average cost of a RIDDOR report to industry is estimated to be 33-and-a-half minutes of a manager's time taken to complete a report. This is based on evidence from HSE experts and quantitative data supplied by individuals submitting RIDDOR reports. The time includes 10 minutes to fill in the accident book following the accident, 10 minutes to gather the additional required information and prepare to submit the report, 11 minutes to fill the e-form in (the method now used to submit reports to HSE) and 2-and-a-half minutes to print the completed form off and file it. The time taken to fill in the online form is four minutes less than assumed under the consultation stage impact assessment. This is due to recent evidence gathered by HSE via a questionnaire attached to the online RIDDOR form that asked people how long they had taken to complete it at the point of submission. The questionnaire received over two thousand responses.
32. Responses in consultation did not provide compelling evidence for altering the other components of the 33-and-a-half minute assumption. Estimates from consultation of the total time to complete a RIDDOR report indicated a substantial agreement on a period of between 15 and 45 minutes.
33. Reporting is assumed to be completed by a manager, at a full economic cost of approximately £31.12 per hour¹² giving a total cost per report of £17.38. Were an accident to occur that did not require reporting, the employer still has a duty under law to record it in the accident book, which takes 10 minutes to complete, at a cost of £5.19. **For each report not submitted following the proposed change, there would therefore be a cost saving of £12.19.** In consultation, HSE asked respondents whether

⁸ <http://www.bis.gov.uk/assets/biscore/better-regulation/docs/i/11-1112-impact-assessment-toolkit.doc> paragraphs 82-84

⁹ <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-235202>

¹⁰ http://www.legislation.gov.uk/uksi/2012/199/pdfs/uksifia_20120199_en.pdf

¹¹ RPC opinion issued on 1st November 2011, reference number RPC10-HSE-0749(2)

¹² Source: ASHE 2011, SOC 4 digit, mean salary for a production manager (code 112) uprated by 30% to reflect non-wage costs

they had any additional information to inform this assumption. While there was no conclusive evidence from cost estimates submitted in that process, there was a significant agreement that the cost would be 'minimal' or 'limited' and as such the assumed cost is considered appropriate.

34. All RIDDOR reports are submitted electronically to HSE and the IT system used to gather those costs around **£0.40 per report**. This is based on data gathered from within HSE and is the average cost of a report being received by the system. While HSE is not 'charged' £0.40 per report received as such, if there were a substantial fall in reports received then it is expected that costs would fall approximately in line with this estimate. This cost applies to all reports submitted regardless of whether they are then processed by HSE or LAs.
35. The Over 7 Day RIDDOR impact assessment assumed that the cost to HSE of processing each report submitted could be calculated by estimating the time spent processing lost time injury reports in aggregate, applying a cost to this time and then dividing by the number of lost time injury reports submitted. It is not believed that the length of time taken to process RIDDOR reports that are not lost time injuries is any different to that for lost time injuries, and so we use the same method, albeit with updated values for wages, to generate **a cost to HSE per report of £10.93¹³**. This cost reflects the work done processing a RIDDOR report that arrives in HSE, such as collating all reports in regional offices and deciding whether or not to instigate an investigation.
36. HSE and Local Authorities share responsibility for the regulation of workplace health and safety and either may process RIDDOR reports once received by HSE. The enforcement body for any given workplace is determined by the Health and Safety (Enforcing Authority) Regulations 1998. We assume that the time taken to process a RIDDOR report is the same in LAs as it is in HSE, the only difference being the wage rate of those involved with processing these reports. Taking the full economic wage rate of an inspector of factories, utilities and trading standards¹⁴ of approximately £23.89 per hour and applying this to the estimated 23-and-a-half minutes per report **generates a cost estimate for Local Authorities of processing one RIDDOR report of around £9.40**.
37. **This means that the overall cost of a RIDDOR report to society is between approximately £22 and £23.50 depending whether an LA or HSE processes it.** This reflects costs to business from reporting of around £12.19 and a processing cost of either £9.40 to LAs or £10.93 to HSE, plus the £0.40 cost to HSE from receiving.
38. HSE is aware that these costs were calculated based upon a RIDDOR report for a lost time injury rather than for a report such as a dangerous occurrence or disease. However, it is not believed that the cost saving from not reporting the latter types of RIDDOR report will differ in any significant manner from the cost saving for a lost time report. This is due to the fact that the length of form that needs to be filled in for RIDDOR reports is roughly the same length no matter what is being reported, and any other work required should take roughly the same time regardless of the type of report.
39. Evidence gathered during the process of producing the consultation stage impact assessment suggested that roughly 5% of RIDDOR reports were submitted via automatic systems. More recent evidence from the monitoring of reports actually submitted to HSE has led this figure to be revised slightly to 4%. These RIDDOR reports would result in no cost to firms as an employee would simply input the data into a programme for internal

¹³ It should be noted that this cost is slightly lower than the cost in the Over 7 Day RIDDOR impact assessment completed in 2011 as the wage of a Band 6 administrator has decreased on average within the organisation, bringing the cost down. It is suspected that this will have resulted from those on higher wages having left the organisation, reducing the average wage per person.

¹⁴ Source: ASHE 2011, SOC 4 digit, mean salary for an inspector of factories, utilities and trading standards (code3565) uprated by 30% to reflect non-wage costs

record keeping and reporting, which would store it and send a report to HSE if it was required. We have therefore reduced the number of RIDDOR reports that result in a cost saving to firms by 4% for each option when calculating the cost savings. These 4% of reports are, however, considered when analysing the cost savings to LAs and HSE.

Calculation of Number of RIDDOR Reports

40. Unless stated otherwise, the number of RIDDOR reports that would be submitted each year has been calculated based on an average from the last three years for the category of report considered. For example, with fatal RIDDOR reports (for employees, self-employed or members of the public), there were just over 600 in 2008/09, 540 in 2009/10 and 490 in 2010/11, giving a total of just over 1,630 over the three years, or an average of around 540 per annum.
41. When projecting forward, we have based the number of RIDDOR reports submitted each year on the number currently submitted, so in this example we would expect to see in the region of about 5,400 fatal RIDDOR reports submitted over the next ten years. Over 7 Day reports have only been submitted since April 2012. Projections for these reports have been estimated based on both the number of non-major injuries that resulted in reports of more than seven days off work over the last three years and observation of actual Over 7 Day reports submitted since April 2012.
42. A long-term trend has not been added to total projected RIDDOR reports because many factors affect the level of reported injuries (including the state of the economy¹⁵) and HSE cannot be certain as to the trend we would expect to see in RIDDOR reports.
43. The number of lost time reports that would not be submitted has been based on the calculations in the Over 7 Day impact assessment. Again, this is based on a three-year average and we assume no trend change in the number of reports submitted. This is discussed in more detail in paragraphs 139 to 141.
44. The estimated number of reports expected to be received under Option 2 are in paragraphs 67-84 and under Option 3 are in paragraphs 100-103.

Consultation

45. HSE is keen to ensure that the information used when producing cost and benefit estimates in impact assessments is as accurate as possible. In order to achieve this, the consultation regarding the changes to RIDDOR that were proposed specifically sought comments on the assumptions and calculations presented within the impact assessment. Evidence from consultation is presented alongside assumptions and calculations where appropriate.

Calculation of Costs and Cost Savings

Option 1 – Do Nothing

¹⁵ For more information, please see <http://www.hse.gov.uk/research/rrpdf/rr386.pdf>

Costs of Option 1

46. As the Do Nothing option and baseline scenario, the status quo continues and as such, there are no additional costs to society.

Benefits of Option 1

47. As the Do Nothing option and baseline scenario, the status quo continues and as such, there are no additional benefits to society.

Option 2 – Reporting only of Fatal Injuries to workers and members of the public, Major Injuries (revised list) and Over-7-Day Injuries to workers and certain Dangerous Occurrences and Gas Events

Costs of Option 2

Cost to Business

Familiarisation Costs

48. The Over 7 Day impact assessment for the changes to RIDDOR lost time reporting assumed that all business sites with more than 250 employees would spend some time familiarising themselves with the changes to RIDDOR reporting systems and all those with fewer than 100 employees would not spend any time due to the infrequency of reports they have to make. This familiarisation was assumed to take place via the reading of updated guidance. For those business sites with between 100 and 250 employees it was assumed that those in an industry where the injury rate (according to RIDDOR data) was more than 500 per 100,000 workers would spend time familiarising and those with an injury rate of less than 500 per 100,000 workers would not. This came to approximately 18-and-a-half thousand sites. These assumptions were accepted by the Regulatory Policy Committee during its review of the impact assessment.
49. Given that the changes to RIDDOR under Option 2 are broader than those analysed previously, it is believed that more businesses will spend some time familiarising themselves with the changes by reading the guidance. For this impact assessment, we assume that all business sites with 100 employees or more will spend time familiarising themselves with the changes, and that no business site with fewer than 50 employees will. These business sites will be less aware of their duties to report under RIDDOR generally and thus will only familiarise when an employee actually becomes injured (or there is a case of disease or dangerous occurrence etc) and they decide to check if they need to take any further action. For those business sites with between 50 and 100 employees, it is assumed that any business site in an industry where the injury rate is greater than 500 per 100,000 will spend time familiarising and any that is in an industry where the injury rate is lower than this will not.
50. This methodology is similar to that already seen by the Regulatory Policy Committee, and results in an estimated **38 thousand business sites familiarising** themselves with the changes. In this instance, business sites are defined as any unit that is VAT or PAYE registered, according to the Inter-Departmental Business Register (IDBR). This means that if a firm has more than one site then this is picked up in the data.
51. It is assumed that for each business site, between 1 and 3 hours will be spent familiarising with the changes to RIDDOR and taking any steps necessary to

communicate these further within the firm. This is longer than the 30 minutes assumed under the Over-7-Day impact assessment due to the greater scope of proposed change under Option 2. Assuming that the person familiarising with the changes is a manager with a full economic cost of around £31.12 per hour, the overall familiarisation cost associated with the changes to RIDDOR under Option 2 is between £1.2 million and £3.5 million (based on 1 and 3 hours spent per business site familiarising respectively).

52. Assuming a best estimate of each business site spending 2 hours familiarising with the changes, the cost per site is £62.24 and **the best estimate for total familiarisation costs is around £2.4 million**. This is a one-off transitional cost that occurs in Year 1. Responses regarding this assumption in consultation indicated that, while a small minority felt costs per site would be much larger than the average of £62.24 assumed, most of those who answered believed the cost to be 'very small' or 'zero'. HSE considers the assumption of £62.24 per site to be reasonably in line with these descriptions.

Changes to ICT systems

53. Some firms choose to submit their RIDDOR forms using a computer system that automatically sends reports to HSE if necessary. If the requirements to report under RIDDOR change then any firms using automatic computer reporting will be required to update their software. HSE is able to monitor the proportion of RIDDOR reports submitted automatically and in the consultation stage impact assessment this proportion was assumed to be 5%. In the light of more recent observations, this assumption has been revised down slightly to 4%.
54. The consultation stage impact assessment did not contain an assumption as to what the cost of ICT system updates would be due to uncertainty over the cost of updating systems and the number of firms that would need to do so. Firms were invited to provide details in consultation and it was believed that their experience of changing ICT systems as a result of the change in reporting requirements for lost time injuries would help them to make an estimation.
55. Based on consultation responses, HSE has estimated that the mean average one-off cost of updating ICT systems is just below £1,840 per business. This is based on an interpretation of both the qualitative and numerical cost estimates received. Out of 450 responses to the consultation, only ten estimated a cost for this assumption that was above zero. However, a further 88 responses commented on the scale of cost without giving a specific estimate. These comments together accounted for 20% of all responses.
56. HSE has estimated a numerical interpretation for these responses based on the scale of the ten enumerated responses. A value of £0 was assigned to those respondents who commented that the cost would be 'zero' and a value of £500 was assigned to respondents who said the cost would be 'minimal' or 'limited'. To the respondents who said the cost would be 'large' a value of £10 thousand was assigned. As this was above the mean average numerical response of £7 thousand, it was considered an appropriate estimate for a 'large' value. Combined with the numerical estimates, the mean average was just under £1,840 per business. There is considerable uncertainty surrounding the quantitative interpretation of the 88 qualitative comments as the method used to assign values was arbitrary and is intended to be illustrative. However, the estimate of a little under £1,840 is consistent with consultation responses that generally agreed the cost would not be large, while taking a conservative approach in ensuring that the estimated cost is above what would be considered 'minimal'.
57. There is considerable uncertainty also around the number of businesses needing to update their systems. It is estimated by HSE that the automatic RIDDOR software is developed and supplied by between 30 and 40 companies, but that it is used for

reporting by about 280 businesses. It is unclear whether updates will only have to be made by the software suppliers or whether action will be required on the part of some or all of the companies using the software. As such, it is assumed that between 30 and 280 businesses will need to update their systems with a best estimate of 155. This gives an estimated one-off cost of between £55 thousand and £515 thousand with a **best estimate of £280 thousand**.

Costs to the rail industry

58. The impact assessment produced by Office of Rail Regulation (ORR) can be found in Annex 1. The costs calculated by ORR to rail businesses are estimated at just under **£43 thousand** in transitional costs and relate to familiarisation costs for the rail industry of just over £9 thousand and costs of software updates of a little over £33 thousand.

Costs to Government

59. The ability to produce usable and reliable statistics will not be affected as many of the categories that are being changed (for example dangerous occurrences and occupational diseases) are not regularly used for statistical purposes. For those categories that are used more frequently (notably major injuries) HSE statisticians do not believe that the suggested alterations will have a significant negative impact. More details are given in paragraphs 117-123.

60. Whilst the changes to RIDDOR may require some modification of specific operational practices, the proposed changes bring closer alignments between those incidents that are reportable, and those incidents that HSE prioritise for operational intervention. For example, the proposed list of reportable major injuries now reflects the published incident selection criteria¹⁶ that HSE uses to decide which investigations to undertake.

Costs to HSE

61. It is estimated that it will take 4 months of a Band 4 (HEO) statistician's time to update the statistical outputs that HSE produces and a further 7 months to update the RIDDOR database and Labour Force Survey questions asked by HSE. The full economic cost of a Band 4 statistician is around £36 thousand per annum, meaning that the full cost to the statistics branch in HSE of making these changes is £33 thousand. In addition, there is the cost of making the changes to the ICT system, which is estimated at £50 thousand. Thus, the full cost of making the appropriate changes to statistics is estimated to be £83 thousand. This is a one off transitional cost occurring in Year 1 of the appraisal period.

62. There are also costs from updating HSE guidance that refers to RIDDOR. It is estimated that this work will take 3 weeks of a Band 3 (SEO) administrator's time at a total economic cost of around £297 per day. This gives a total cost of updating HSE guidance of just under £4-and-a-half thousand.

63. The total cost to HSE from facilitating the changes to RIDDOR is estimated to be just over **£87 thousand**. This is a one-off transitional cost.

Costs to the Government in respect of the railways sector

64. As calculated in the ORR impact assessment in Annex 1, the Rail Safety Standards Board (RSSB) will incur a cost of £20 thousand updating its software in light of these

¹⁶ <http://www.hse.gov.uk/lau/lacs/22-13.htm>

changes. As RSSB is one-third funded by Department for Transport, one third of this cost – **about £7 thousand** – is expected to fall to Government.

Summary of Costs of Option 2

65. The overall costs of the proposed changes to RIDDOR including those calculated by ORR are estimated to be between £1.4 million and £4.2 million with a **best estimate of £2.8 million**. These costs are all transitional, occurring in Year 1 of the appraisal period. Of the total, it is estimated that between £1.3 and a little under £4.1 million will fall on business, with a best estimate of the cost to business of £2.7 million. Total costs and cost savings are summarised in Tables 2 to 4, below.

Cost Savings of Option 2

66. Employers and persons in control of work premises would report the following that are currently within the scope of RIDDOR:

- All deaths to both workers and people not at work
- All major injuries (revised list) to people at work
- Over-seven day (O7D) injuries to people at work.
- Dangerous occurrences that occur in 1) the major hazard sectors or activities, i.e. major accident precursor events, or 2) higher risk sectors or activities,
- Domestic gas events

Number of Reports Expected to be submitted under Option 2

67. The following paragraphs provide details as to the number of reports that HSE would expect to be submitted under this option (the proposed changes to major injuries would be as indicated in paragraphs 69 to 77). Only the estimate of the number of Over 7 Day reports has been modified since the consultation stage impact assessment. All estimates are based on a three-year average to 2010/11 unless otherwise stated.

68. Reporting of deaths to employees, the self employed and members of the public – the annual average number of RIDDOR reports submitted regarding the death of an employee or member of the public (based on three years of data) is roughly **540**. This estimate is based on actual RIDDOR reports submitted to HSE.

69. Fractures other than to fingers, thumbs or toes – the annual average number of non-fatal RIDDOR reports submitted regarding fractures other than to fingers, thumbs or toes (based on three years of data) is roughly **20 thousand**. This estimate is based on actual RIDDOR reports submitted to HSE.

70. Amputations – the annual average number of non-fatal RIDDOR reports submitted regarding amputations (based on three years of data) is roughly **620**. This estimate is based on actual RIDDOR reports submitted to HSE.

71. Crush injuries leading to internal organ damage – the annual average number of non-fatal RIDDOR reports submitted regarding crush injuries leading to internal organ damage (based on three years of data) is roughly **100**. This estimate is based on RIDDOR reports submitted to HSE that were classified as concussion / internal injuries and were not sited on the neck or head.

72. Head injuries resulting in loss of consciousness – the annual average number of non-fatal RIDDOR reports submitted regarding head injuries that result in the loss of consciousness (based on three years of data) is roughly **440**. This estimate is based on actual RIDDOR reports submitted to HSE.
73. Burns or scalds covering more than 10% of the body's surface area – the annual average number of non-fatal RIDDOR reports submitted regarding burns or scalds covering more than 10% of the body's surface area (based on three years of data) is roughly **460**. This estimate is based on RIDDOR reports submitted to HSE that have been classed as major burns. This category was chosen as there is no information collected as to the surface area of the body covered by a burn, and this was deemed the best surrogate.
74. Permanent blinding in one or both eyes – the annual average number of non-fatal RIDDOR reports submitted regarding blinding in one or both eyes (based on three years of data) is roughly **90**. This estimate is based on RIDDOR reports submitted to HSE regarding both temporary and permanent blindness. As a result, this estimate will be higher than if permanent blinding only was considered, however this is the most accurate data available.
75. Any degree of scalping – the annual average number of non-fatal RIDDOR reports submitted regarding scalping (based on three years of data) is roughly **1,100**. This estimate is based on RIDDOR reports submitted to HSE for lacerations to the head, which was deemed the best surrogate for the data required.
76. Asphyxiation from whatever cause – the annual average number of non-fatal RIDDOR reports submitted regarding asphyxiation (based on three years of data) is roughly **240**. This estimate is based on actual RIDDOR reports submitted to HSE.
77. Injury arising from working in a confined space resulting in hypothermia, heat induced illness, requiring resuscitation or admittance to hospital for more than 24 hours - the annual average number of non-fatal RIDDOR reports submitted regarding injuries arising from working in a confined space (based on three years of data) is roughly **50**. This estimate is based on actual RIDDOR reports submitted to HSE using search terms to try to identify injuries that arose from working in a confined space.
78. Any diagnosed illness requiring medical treatment, which is reliably attributable to a work-related exposure to a biological agent or its toxins or infected material – the average annual number of non-fatal RIDDOR reports submitted to HSE regarding illness relating to work-related exposure to biological agents is estimated to be around **10**. This is based on estimations made by statisticians looking at RIDDOR data.
79. Reporting of Over 7 Day Injuries - The consultation stage impact assessment estimated that there would be roughly 75 thousand lost time (i.e. over seven day) RIDDOR reports submitted each year. This was based on the best estimate calculated in the Over 7 Day impact assessment. However, HSE has now been receiving over seven day reports for several months and are able to produce a more accurate estimation based on observed reports on a three year average for 2009/10 - 2011/12. This updated estimate is **70 thousand** lost time RIDDOR reports submitted annually.
80. Major Injuries That Would Be Reported as Over 7 Day – It has been estimated that 46% of major RIDDOR reports that are submitted would still be submitted to HSE as O7D reports. Based on the 3,200 major reports that would no longer be submitted each year on average (calculated by subtracting the estimated number of major reports submitted under Option 2 from the estimated number currently submitted of 26,296, both based on three year averages), it is estimated that of these **1,500** would be submitted as Over 7 Day injuries. These are all major injuries to employees.

81. Reporting of incidents involving gas that leads to death or loss of consciousness or a person attending hospital after the incident for treatments – for this category, we use the number of RIDDOR reports submitted as a proxy for the number that would be received following the change. This is because the reporting requirements are being aligned with the reporting practices that currently occur. The annual average number of RIDDOR reports submitted regarding the involvement of gas that leads to death or loss of consciousness or a person attending hospital after the incident for treatments (based on three years of data) is roughly **3,100**. This estimate is based on actual RIDDOR reports submitted to HSE.
82. Reporting of Dangerous Occurrences DO1, DO2, DO4, DO5, DO6, DO7, DO9, DO10, DO11, DO12, DO13, DO14, DO18, DO19, DO20 and DO21 under schedule 2 part 1 – the following table presents estimates for the number of reports that would be submitted for each Dangerous Occurrence under schedule 2 part 1 that would still require it. The estimates are based on actual RIDDOR reports submitted to HSE.

Table 1: Estimated Dangerous Occurrences Reports Expected Annually under Option 2

Dangerous Occurrence	Estimated Number of RIDDOR Reports
DO1	910
DO2	110
DO4	90
DO5	210
DO6	140
DO7	360
DO9	130
DO10	30
DO11	30
DO12	5
DO13	50
DO14	220
DO18	75
DO19	220
DO20	200
DO21	730
Total	3,480

Note: Table may not sum due to rounding

83. Reporting of Dangerous Occurrences under schedule 2 parts 2, 3 and 5 - the annual average number of RIDDOR reports submitted regarding dangerous occurrences under schedule 2 parts 2, 3 and 5 (based on three years of data) is roughly **470** (70 for part 2, 60 for part 3 and 340 for part 5). This estimate is based on actual RIDDOR reports submitted to HSE.

Total Number of RIDDOR Reports

84. Under Option 2, HSE would expect to receive a total of **102 thousand** reports submitted each year. HSE currently receives a little over 177 thousand reports each year (based on an average using three years' data and including the estimated change in reports from the amendments to reporting requirements for lost time injuries). This means that under Option 2, there would be just over **75 thousand** fewer reports submitted annually. The majority of these reports no longer submitted will be injuries to members of the

public, certain occupational diseases, certain dangerous occurrences and major injuries that are neither covered by the categories above nor would be classed as an over seven day injury.

Calculation of Cost Savings

85. Each report not submitted will result in a cost saving to employers of around £12.19 from the reduced time that has to be spent informing HSE of an injury or case of ill health when one arises. There will be a reduction in the number of reports submitted to HSE of just over 75 thousand, so overall, firms will experience reduced cost burden associated with reporting. Given that 4% of RIDDOR reports are submitted electronically using automatic software, it is not expected that there will be any cost saving associated with 3,000 of the reports. This means that there are a total of a little over 72 thousand RIDDOR reports that will no longer be submitted by firms that actually represent a cost saving. Consequently, the annual cost saving to firms from this option is calculated to be £880 thousand. In present values, this cost saving is £7.6 million over the appraisal period.

86. It is estimated based on internal HSE data sources that roughly 70% of the 75 thousand reports no longer submitted under this option would have been dealt with by HSE and the remaining 30% by LAs. This means that HSE will reduce the number of reports it processes by 52-and-a-half thousand and LAs by 22-and-a-half thousand. Thus, cost savings to HSE are estimated to be £610 thousand per annum. Of this, around £580 thousand is due to the reduced costs of processing the 52-and-a-half thousand reports no longer processed by HSE at £10.93 each and £30 thousand comes from the reduction in costs from receiving 75 thousand fewer reports, whether subsequently processed by HSE or LAs, at £0.40 each. The cost savings to LAs are estimated to be £210 thousand per annum, which is comprised of processing 22-and-a-half thousand fewer reports that would have cost £9.40 each. In present value terms, the cost saving to HSE over the appraisal period is around £5.2 million and to LAs is £1.8 million, giving £7 million in total for Government.

87. There are also the cost savings from changes to RIDDOR reporting accruing to the railways sector, which can be found in Annex 1. These figures are estimated to be an additional cost saving of £50 thousand per annum (of which £5 thousand accrues to businesses). Over the ten-year appraisal period the present value of this cost saving is £430 thousand, or which £42 thousand accrues to business. Business experiences proportionately lower cost savings in the railways sector than in other areas as a much higher proportion of reporting is done via automated systems in the railways sector.

Time Savings of Simplified Reporting Requirements

88. It is expected that the simplification of the reporting requirements will result in a decrease in the time, cost and uncertainty for business spent ascertaining whether an incident is reportable. While it has not been possible to accurately estimate a monetised saving, it is expected that, even if small for individual cases, the effect in aggregate could be substantial. This is because it would affect at least some of *both* the reports expected to continue under Option 2 *and* those expected to be saved, as well as incidents where no report is generated because dutyholders have looked into whether to report and found it unnecessary.

Summary of Cost Savings of Option 2

89. The overall savings from this option, including those estimated by ORR, are calculated as being around £1.7 million per annum. In present values, this is equivalent to £15 million over the appraisal period. Of this cost saving, it is estimated that £880 thousand per annum will accrue to businesses, a present value of £7.6 million over the appraisal period. Costs and cost savings are summarised in the Tables 2 to 4, below.

Summary of Option 2

90. Overall, including the ORR estimates, Option 2 is estimated to impose total costs on society between £1.4 million and £4.2 million, with a best estimate of £2.8 million. These are all transitional costs. It is estimated that there will be an annual cost saving of £1.7 million or £15 million in present values over the appraisal period. Option 2 is calculated as yielding a net benefit of a little under £12.3 million based on best estimates. Based on minimum and maximum cost estimates there is estimated to be a range of just under £13.7 million to a little under £10.9 million for the net present value over 10 years.

91. The following tables provide a summary of Option 2's impact on business, Government and society as a whole.

Table 2 – Costs and Cost Savings of Option 2 to Business (£k): 10 year net present value

	Cost / Cost Savings to Business		
	Minimum (£thousands)	Best Estimate (£thousands)	Maximum (£thousands)
Costs			
Familiarisation Costs	£1,200	£2,400	£3,500
Costs from updating ICT systems	£88	£320	£548
Costs from altering statistics	NA	NA	NA
Costs from altering guidance	NA	NA	NA
Total Cost	£1,300	£2,700	£4,100
Cost Savings			
Cost Savings from reduced number of reports	£7,600	£7,600	£7,600
Total Cost Savings	£7,600	£7,600	£7,600
NET BENEFIT	£6,300	£4,900	£3,500

Note: totals may not sum due to rounding

Table 3 – Costs and Cost Savings of Option 2 to Government (£k) 10 year net present value

	Costs / Cost Savings to Government		
	Minimum (£thousands)	Best Estimate (£thousands)	Maximum (£thousands)
Costs			
Familiarisation Costs	NA	NA	NA
Costs from updating ICT systems	£7	£7	£7
Costs from altering statistics	£83	£83	£83
Costs from altering guidance	£4	£4	£4
Total Cost	£94	£94	£94
Cost Savings			
Cost Savings from reduced number of reports	£7,400	£7,400	£7,400
Total Cost Savings	£7,400	£7,400	£7,400
NET BENEFIT	£7,300	£7,300	£7,300

Note: totals may not sum due to rounding

Table 4 – Total Costs and Cost Savings of Option 2 to Society (£k) 10 year net present value

	Total Costs		
	Minimum (£thousands)	Best Estimate (£thousands)	Maximum (£thousands)
Costs			
Familiarisation Costs	£1,200	£2,400	£3,500
Costs from updating ICT systems	£95	£325	£554
Costs from altering statistics	£83	£83	£83
Costs from altering guidance	£4	£4	£4
Total Cost	£1,400	£2,800	£4,200
Cost savings			
Cost savings from reduced number of reports	£15,000	£15,000	£15,000
Total Cost Saving	£15,000	£15,000	£15,000
NET BENEFIT	£13,700	£12,300	£10,900

Note: totals may not sum due to rounding

Option 3 - Revision of list of reportable Major Injuries, Ill Health conditions and certain Dangerous Occurrences and Gas Events

Costs of Option 3

Costs to Business

Familiarisation Costs

92. As the changes to RIDDOR under Option 2 were broader than those considered in the Over 7 Day impact assessment, so too would be the burden of familiarisation. It is therefore logical to assume that as the changes to RIDDOR proposed under Option 3 are less broad, in this case there will be a smaller burden of familiarisation costs.

93. Therefore, it is assumed that under Option 3 the number of business sites familiarising with the changes to RIDDOR will be more in line with the number that familiarised in the Over 7 Day impact assessment due to the reduced scope of the amendments. This assumption is that all business sites with more than 250 employees would spend some time familiarising themselves with the changes to the RIDDOR reporting systems and none with fewer than 100 employees would spend any time due to the infrequency of reports they have to make. This familiarisation is assumed to take place via the reading of updated guidance. For those business sites with between 100 and 250 employees, it is assumed that those in an industry where the injury rate (according to RIDDOR data) was more than 500 per 100,000 workers would spend time familiarising and those with

an injury rate of less than 500 per 100,000 workers would not. This comes to a little over 18-and-a-half thousand sites.

94. As the changes proposed under Option 3 are somewhat broader than the Over 7 Day change, it is expected that the time taken per site to familiarise will be somewhat greater than the 30 minutes that impact assessment assumed. However, as Option 3 is less sweeping than Option 2, it is expected that the time taken will be less than the best estimate of 2 hours assumed for that option. Therefore, it is assumed that between 30 minutes and 1.5 hours will be spent per site familiarising with a best estimate of 1 hour.

95. Assuming that this is undertaken by a manager at a full economic cost of £31.12 per hour, this gives familiarisation costs of between £290 thousand and £870 thousand, with a **best estimate of around £580 thousand**. This is reduced from a best estimate under Option 2 of around £2.4 million.

Updating ICT Systems

96. The cost of updating ICT systems is expected to be unchanged from Option 2, as discussed in paragraphs 53-57. Costs are expected to be between £55 thousand and £515 thousand with a **best estimate of £280 thousand**.

Costs to Government

97. It is not expected that the costs to Government under Option 3 will be different from the costs assumed under Option 2. One-off costs to Government are expected to be £87 thousand and are discussed in paragraphs 59-63.

Costs to the Railways Sector

98. It is not expected that the costs to either business or Government with respect of the railways will be altered under Option 3 from the position under Option 2 discussed in Annex 1 and paragraphs 58 and 64, with the exception of business familiarisation. In line with the reduced assumed familiarisation time assumed above, familiarisation costs are expected to be around £5 thousand under Option 3. This leads to revised total costs to the railways of £45 thousand, of which £38 thousand falls on business and £7 thousand on Government.

Summary of Costs of Option 3

99. Total costs under Option 3, including those calculated by ORR, are expected to be between £480 thousand and £1.5 million with a best estimate of £990 thousand, all in one-off transitional costs. Of the best estimate, it is expected £900 thousand will be borne by business and £94 thousand by Government.

Cost Savings of Option 3

Number of Reports Expected to be Submitted Under Option 3

100. In addition to the **102 thousand** reports expected to be received by HSE annually under Option 2 (see paragraphs 68 – 84), the following reports would also continue to be received under Option 3. All estimates are based on a three-year average to 2010/11. The numbers of reports for the revised list of ill health conditions in paragraph 102 do not

include the two ill health conditions implementing EU requirements relating to occupational cancer and biological agents. This is because they also continue to be reportable under Option 2 and are so accounted for in the 102 thousand given above.

101. Reporting of non-fatal injuries to non-workers – the annual average number of RIDDOR reports submitted regarding non-fatal injuries to people not at work (based on three years of data) is roughly **62 thousand**. This estimate is based on actual RIDDOR reports submitted to HSE.
102. Reporting of revised list of ill health conditions – the following table presents estimates for the number of reports that would be submitted for each of the ill health conditions that would continue under Option 3. Based on three years of data, it is expected that roughly **1,650** ill health reports would continue to be received. This accounts for 90% of the approximately 1,850 ill health reports currently received each year and is based on actual RIDDOR reports submitted to HSE.

Table 5: Ill Health Reports Expected Annually under Option 3

Ill Health Condition	Estimated Number of RIDDOR Reports
Hand Arm Vibration Syndrome	860
Dermatitis	240
Carpel Tunnel	220
Severe Cramp of Hand/Forearm	190
Tendonitis	90
Asthma	55
Total	1,650

Note: Table may not sum due to rounding

Total Number of RIDDOR Reports

103. In total, HSE would expect to receive around **165 thousand** reports annually under Option 3. HSE currently receives a little over 177 thousand reports each year. This means that under Option 3, there would be around **11-and-a-half thousand** fewer reports submitted to HSE each year. These will be due to the revisions to the major injury, ill health and dangerous occurrences reporting requirements.

Calculation of Cost Savings

104. Each report saved will result in a saving to business of about £12.19. Accounting for the 4% of reports submitted automatically and which yield no saving to business, businesses will make roughly 11 thousand fewer reports each year. This results in annual savings to business of about £135 thousand or about £1.17 million in present values.
105. It is estimated based on internal HSE data that roughly 70% of RIDDOR reports are dealt with by HSE and the remaining 30% by LAs. As such, HSE will reduce the number of reports it processes by about 8 thousand and this gives rise to annual cost savings of about £93 thousand. Of this, £88 thousand would be due to no longer processing 8 thousand reports per year at £10.93 each and £5 thousand would be due to longer receiving all 11-and-a-half thousand reports at £0.40 each, whether subsequently processed by HSE or LAs.
106. LAs would have received 30% of the total 11-and-a-half thousand reports saved per year. This is around 3-and-a-half thousand reports per year with a unit saving of

£9.40, saving around £33 thousand annually. In total, annual saving to Government would be around £125 thousand giving a present value of about £1.1 million.

107. In addition, it is estimated that approximately 460 reports would be saved annually in the railways sector. This is discussed fully in Annex 1, but cost savings are summarised as £6 thousand per annum or £51 thousand in present values, of which £5 thousand accrues to business. Savings to business are proportionately lower in the rail sector than elsewhere due to the higher proportion of reports made via automatic systems.

Time Savings of Simplified Reporting Requirements

108. It is expected that the simplification of the reporting requirements will result in a decrease in the time, cost and uncertainty for business spent ascertaining whether an incident is reportable, just as with Option 2 (discussed in paragraph 88). While it has not been possible to accurately estimate a monetised saving, it is expected that any savings experienced under Option 3 would be somewhat less than those under Option 2 due to the retention of some or all of the reporting requirements for ill health and members of the public.

Summary of Cost Savings of Option 3

109. In total and including the estimates made by the ORR, annually cost savings under Option 3 are expected to be around £265 thousand, of which £135 thousand accrues to business and £130 thousand to Government. This is equivalent to £2.3 million over the appraisal period, of which around £1.17 million accrues to business and £1.1 million to Government.

Summary of Option 3

110. In total, including estimates from the railways, one-off costs are expected to be between £480 thousand and £1.5 million, with a best estimate of £990 thousand. Of the best estimate, £900 thousand is borne by business and £94 thousand by Government.

111. Total annual savings are expected to be around £265 thousand per year, of which £135 thousand is observed by business and £130 thousand by Government. Present value cost savings are expected to be approximately £2.3 million, of which about £1.17 million is observed by business and £1.1 million by Government.

112. The total Net Benefit of Option 3 is expected to be between £780 thousand and £1.8 million with a best estimate of about £1.3 million. Of this best estimate, it is expected that Government will observe a net benefit of about £1 million. For business the net position is expected to be between a net loss of £250 thousand and a net benefit of about £790 thousand. The best estimate is about a positive net benefit of £270 thousand. Costs and benefits are summarised over the following Tables 6 to 8, below.

Table 6 – Costs and Cost Savings of Option 3 to Business (£k): 10 year present value

	Cost / Benefits to Business		
	Minimum (£thousands)	Best Estimate (£thousands)	Maximum (£thousands)
Costs			
Familiarisation Costs	£290	£580	£870
Costs from updating ICT systems	£88	£320	£548
Costs from altering statistics	NA	NA	NA
Costs from altering guidance	NA	NA	NA
Total Cost	£380	£900	£1,400
Benefits			
Benefits from reduced number of reports	£1,170	£1,170	£1,170
Total Benefit	£1,170	£1,170	£1,170
NET BENEFIT	£790	£270	-£250

Note: table may not sum due to rounding

Table 7 – Costs and Cost Savings of Option 3 to Government (£k): 10 year present value

	Costs / Benefits to Government		
	Minimum (£thousands)	Best Estimate (£thousands)	Maximum (£thousands)
Costs			
Familiarisation Costs	NA	NA	NA
Costs from updating ICT systems	£7	£7	£7
Costs from altering statistics	£83	£83	£83
Costs from altering guidance	£4	£4	£4
Total Cost	£94	£94	£94
Benefits			
Benefits from reduced number of reports	£1,100	£1,100	£1,100
Total Benefit	£1,100	£1,100	£1,100
NET BENEFIT	£1,000	£1,000	£1,000

Note: table may not sum due to rounding

Table 8 – Costs and Cost Savings of Option 3 to Society (£k): 10 year present value

	Total Costs		
	Minimum (£thousands)	Best Estimate (£thousands)	Maximum (£thousands)
Costs			
Familiarisation Costs	£290	£580	£870
Costs from updating ICT systems	£95	£325	£554
Costs from altering statistics	£83	£83	£83
Costs from altering guidance	£4	£4	£4
Total Cost	£480	£990	£1,500
Benefits			
Benefits from reduced number of reports	£2,300	£2,300	£2,300
Total Benefit	£2,300	£2,300	£2,300
NET BENEFIT	£1,800	£1,300	£780

Note: table may not sum due to rounding

Non-Monetised Impacts of Options 2 and 3

113. In addition to the monetised estimated costs and cost savings, above, there are several unquantified potential costs and benefits of Options 2 and 3. These have not been monetised due to uncertainty around their size and whether or not they will actually occur. The non-monetised impacts of both options with respect of the railways are discussed in the ORR's impact assessment at Annex 1.

Impacts on Uses of Data on Reportable Incidents

114. The proposal under both options is to remove an administrative procedure of reporting certain injuries, diseases and dangerous occurrences arising from accidents at work to the enforcing authority.

115. Reporting and recording incidents contribute in two areas:

- The national health and safety system enforced and promoted by the national and local regulators. Here reports of incidents can be used by the enforcing authorities to intervene where individual incidents indicate an ongoing risk and enforce standards in line with national and local enforcement policies and incident investigation selection criteria. The information also provides data to help enable enforcing authorities to target their activities and to advise employers on strategies to help prevent injuries.

- Employers' and others' own health and safety management systems. Employers and other dutyholders record incidents to feed into the dutyholder's health and safety management system, allowing them to check that the arrangements they have are effective.

Impact on Regulators

116. This section deals with the impacts on regulators of all options except Option 1 - the 'Do Nothing' option. The impact on ORR of all options is discussed in the impact assessment in Annex 1.
117. Option 2 aligns the major injury reporting requirements more closely with HSE's and ORR's incident investigation selection criteria¹⁷ (ISC). It is HSE's view therefore that there would be little overall impact upon regulators' ability to investigate specific incidents leading to major injuries in workers. However, there will, inevitably be *some* loss of data under Option 2, particularly in relation to ill-health reports, for which investigation is currently mandated under the ISC. Option 3's retention of 90% of ill health reports is expected to maintain information relating to HSE's areas of key concern. Thus, there may be some marginal impact on the ability of regulators to respond to a specific incident which would no longer be reportable. However, considered more broadly this would not fundamentally undermine the ability of HSE and others to regulate effectively.
118. With respect of non-fatal accidents to non-workers, the public consultation suggested that there could be potential negative consequences associated with removing this reporting requirement entirely under Option 2, including loss of intelligence and a compromising of the ability of regulators to investigate specific incidents. HSE believes that a loss of such information in an area of key priority and in the presence of ongoing risk would result in a danger of HSE being unable to identify significant failures, thereby posing an ongoing risk to workers and non-workers alike. Annually, HSE investigate approximately 260-270 RIDDOR reported injuries to members of the public (including fatalities but excluding ORR data). This compares with around 2,700 investigations per year into injuries and fatalities involving workers, and over 260 resultant prosecutions. However, whilst accurate figures are not available, it is reported that Local Authority regulators investigate a significant proportion of non-fatal accidents to members of the public. Strong concerns were articulated through the consultation process that removal of this notification requirement would impact upon regulators' ability to investigate very serious injuries, and could be perceived as a lowering of priorities relating to ensuring public safety. Whilst many of the more serious non-fatal accidents to non-workers are brought to regulators' attention by other means, such as through complaints, via the media, or from the emergency services, this was not considered to be a suitably robust alternative to regulatory reporting requirements.
119. The position regarding effects on LAs' ability to regulate is difficult to clarify, as different Local Authorities operate in different ways. Some have adopted the HSE's selection criteria, while others have their own approach and are currently resourced to investigate all RIDDOR reports they receive. Anecdotal evidence provided in responses to the 2012 consultation suggest that a higher proportion of accidents to non-workers may be investigated in the Local Authority enforced sector; this is supported by figures provided by a small number of LAs. These would include injuries to members of the public at retail premises and businesses in the leisure industry, as well as residents in care homes. However, overall enforcement following such investigations was low,

¹⁷ see <http://www.hse.gov.uk/enforce/incidselcrits.pdf>

comparable with that of HSE, and the figures cannot be taken as representative of Local Authorities in general as only a very small number provided such details.

120. With respect of ill health reporting, HSE proposes under Option 2 to remove the requirement to report cases of occupational disease other than those required under EU Directives on Biological Agents and Occupational Cancers, which will remain reportable as Dangerous Occurrences. Reporting levels for most reportable diseases are very low with HSE receiving only around 1,600 reports every year and LAs 200 (i.e. around one report for every two LAs each year). Of these, 90% are accounted for by 6 specific diseases, as listed for retention under Option 3. Estimates from the Labour Force Survey for 2011/12 put the total number of new cases of work-related illness among people who have worked in the last twelve months at 0.5 million per year. HSE's approach to regulating occupational health risks has developed through using other data sources for targeted initiatives to raise awareness and improve standards¹⁸. Given the extremely low number of ill-health reports received in the Local Authority sector, even an assumption of a 100% investigation rate would mean that removing the reporting requirement would have a negligible impact on Local Authority regulatory practices.

121. Nevertheless, the consultation responses did identify some potential negative consequences associated with removing this requirement. Primarily, consideration within HSE and concerns raised by co-regulators were associated with the potential presentational impact of reduced reporting requirements being interpreted as a reduction in the priority being afforded to occupational health generally. However, it was also highlighted that RIDDOR data differs from other sources in identifying the incidence of ill health with specific organisations and processes. For short-latency diseases, it also facilitates the investigation of specific cases by regulators, thereby helping to ensure that ongoing risks to workers are adequately controlled. It therefore has a particular value in facilitating investigations and targeting other intervention activities. Whilst it is possible to plan and target regulatory intervention work in the absence of RIDDOR report information, Option 3 provides a mechanism for ensuring that the ill health data that is currently used for such purposes, particularly at industry sector level and in relation to the investigation of specific cases, is preserved.

122. There are relatively small numbers of dangerous occurrences (DOs) reported to HSE. However, some DOs reported by the major hazard industries (e.g. offshore and onshore petro-chemical facilities, explosives manufacture and mining and quarrying) are precursor events for major accidents or disasters. The proposed changes to DO types retain these key performance indicators for the major hazards sector along with specific DOs in other high risk industries such as construction. Therefore, the proposed changes under Options 2 and 3 to the list of DOs merely remove those categories that historically have not been key operationally or for targeting, intelligence and statistical purposes. Some respondents to the consultation misinterpreted the proposal as meaning that the reporting of DOs would only be required in major-hazards sectors. In reality, the proposal is much less radical than this, and amounts to the clarification through legal-redrafting of most DOs, with the removal of a small number which duplicate other requirements, or which have not provided significant useful information historically.

123. Overall, Option 2 would not significantly adversely affect HSE's ability to spot trends in the areas of major injuries and dangerous occurrences. However, RIDDOR reports allow regulators to monitor the health and safety management of individual dutyholders, and the reports received would continue to provide a statistically valid basis for analysis that give a greater emphasis to HSE's main areas of priority. The revocation of members of the public reporting under Option 2, therefore, would represent an unacceptable loss of intelligence to HSE and other regulators at the national, sectoral

¹⁸ See <http://www.hse.gov.uk/statistics/preferred-data-sources.htm>.

and company level. Such intelligence would be retained under Option 3. Ill-health data is not currently used for national trend analysis, but is used internally by HSE to identify issues at industry sector level. Option 3 would allow HSE to continue to monitor priorities at both sector and dutyholder level, while trends at the higher level would continue to be supplemented with additional data. The relatively small number of DO reports currently received are again not useful for statistical trend analysis. No changes are proposed to the requirement to report deaths (except for suicides on the railways) and the reduction in the “major injury” category is not judged to have a significant adverse impact operationally or statistically.

Impact on Health and Safety Standards for Duty Holders

124. This section deals with the impact on health and safety standards of all of the proposed options with the exception of Option 1, the ‘Do Nothing’ option. The impact on dutyholders in the railways sector is discussed fully in the ORR impact assessment in Annex 1.
125. The reporting regulations do not of themselves seek to set or improve occupational health and safety standards. Some concerns were expressed by respondents to the consultation for both this proposal and the implementation of the change from over 3 day to over 7 day reporting in 2011 that removing a reporting requirement would also remove a driver for internal investigation and improvement. Similar views were expressed by respondents to the Health and Safety Commission’s (HSC) 2005 discussion document on reviewing RIDDOR.
126. However, there is little evidence to support this concern. HSE followed up the 2005 consultation by conducting focus groups involving interviews with medium to large manufacturing companies. These groups said that there were other drivers, more important than RIDDOR, for the investigation and prevention of incidents, such as pressures from parent companies or insurance premiums. 53% of respondents to the 2012 consultation stated that the revised regulations would not have any impact on their management of health and safety. Research by the Health and Safety Laboratory (HSL) into the previous RIDDOR change from over-three-day to over-seven-day absence reporting involving interviews with both reporters and non-reporters did not find any evidence of a significant impact on broader health and safety management. The results of this research will be published shortly.
127. Irrespective of reporting requirements, organisations have access to internal records and data of accidents, incidents and ill health that are much more significant than RIDDOR reports as a source of information for informing the management of health and safety. The vast majority of employers only make a RIDDOR report infrequently. The analysis of the RIDDOR database for the change from over 3 day to over 7 day RIDDOR reporting showed that employers with fewer than 250 employees will only make one RIDDOR report of an injury to a worker on average every two years. Only 0.1% of employers employ more than 250¹⁹. Those employers in the industry with the highest incidence rate of reported injuries (the waste and recycling industry) will still only make three reports every year.
128. The infrequency of the need to report for most employers means that no reliable picture can be built up by businesses and organisations based solely on their own RIDDOR data. Therefore, additional sources, such as an organisation’s internal systems for recording injuries and “near miss” events must be used, supplemented by other

¹⁹ Business Population Estimates for UK and the Regions 2012 (Department for Business Innovation and Skills)
<http://www.bis.gov.uk/assets/BISCore/statistics/docs/B/12-92-bpe-2012-stats-release.pdf>

guidance and information produced by the regulator, professional and trade bodies, trades unions, et al.

129. Given that HSE investigates only around 3.5% of reported injuries to workers, it seems unlikely that the perception of the threat of a follow-up visit by HSE would be significantly altered as a consequence of any changes to reporting requirements within either of the options proposed. However, HSE is aware that there are key presentational issues around the proposed changes, and will carefully publicise the changes to ensure that duty holders understand that the removal or amendment of certain categories under RIDDOR does not imply any altering of regulatory priorities, nor should it imply that any such risks should be subject to a lower standard of control. HSE affords a high priority and significant resources to ensuring the adequate control of existing risks that tend not to give rise to RIDDOR reportable incidents, such as asbestos and noise. It will be made clear that removing reporting duties does not signal the removal of regulatory attention. Should the additional reporting requirements outlined within Option 3 be adopted, the potential for dutyholders to misinterpret the changes as a radical refocusing of regulatory priorities away from public safety or work-related ill health will be proportionately reduced.

Direct Costs and Cost Savings to Business (One In; Two Out)

Option 3 - Revision of list of reportable Major Injuries, Ill Health conditions and certain Dangerous Occurrences and Gas Events

130. It is estimated that direct one-off costs to business due to familiarisation and updating ICT systems would be between £380 thousand and £1.4 million, with a best estimate around £900 thousand.
131. Cost savings to business are estimated at around £1.17 million in present values due to the reduction in reporting.
132. The net benefit to business over the appraisal period is estimated at around £270 thousand on best estimates. This equates to an **equivalent annual net benefit of £0.03 million**, which is the size of the proposed “out”.

Micro Business Exemption

133. As the changes to RIDDOR will reduce burdens on all businesses, regardless of the number of people they employ, micro businesses will not be made exempt. It is not expected that there will be any costs to micro businesses from this proposal as they are assumed only to familiarise with RIDDOR when they have an accident they think may be reportable. This is assumed to be the same as under the baseline scenario. In addition, it is not expected that micro businesses will be affected by the cost of updating automatic reporting systems as these are a feature only of larger firms who make several reports each year.
134. Therefore, it is expected that micro businesses will either incur no costs or benefits (in the scenario whereby they experience no reportable accidents) or will incur a benefit without cost (in the scenario whereby they experience an accident that would be reportable under the baseline but not under Option 2 or 3).

Rationale for Level of Analysis Undertaken

135. Given the level of data available and the time constraints that HSE is operating under, it is felt that the level of analysis conducted for this final stage impact assessment is appropriate. Statistical data has been provided to the most accurate level possible and many of the cost estimates and assumptions have already been approved by the RPC. All the estimates and assumptions were further tested during consultation, and the results have been used to further strengthen the analysis in this final stage impact assessment.

Risks and Uncertainty

136. A key risk to the accuracy of the analysis presented is that changes to RIDDOR may result in an increase in compliance rates. This could result from people conducting general familiarisation, increasing their awareness of what is required of them, but also from the simplification of requirements. Were the compliance rates to increase then there would be a reduction in the net benefit and the size of the “out”.

137. It is not known whether any increase in compliance will be close to the magnitude necessary to reduce the “out” to a level approaching zero and there could be a counter-effect of familiarisation and simplification leading to a reduction of reports for non-reportable incidents. Indeed, HSE have already begun a program to reduce over-reporting through engagement with reporters which has had some early success in reducing the reporting of non-fatal injuries to non-workers. Overall, it is considered that the most likely outcome is for compliance levels to remain constant, and for the “out” to be of the magnitude analysed in the main body of this impact assessment.

138. At the same time, there is also a risk that compliance may actually fall, increasing the cost savings associated with this policy. This outcome could arise as firms become aware of the fact that the RIDDOR reporting requirements are aligned with HSE incident selection criteria, and therefore any RIDDOR report they do submit is more likely to lead to an inspection being carried out. Therefore, firms might be less likely to submit RIDDOR reports in a bid to decrease the chances of them receiving an inspection. HSE currently has no data on, and no way to approximate, the likelihood of this occurring.

139. The trend of RIDDOR reporting has been assumed flat over the next ten years in this impact assessment as HSE is unable to anticipate likely changes over the medium term. The level of reporting is affected by several factors including the state of the economy and compliance rates as well as actual injury and ill health incidence and it has not been possible to make a reasonable judgement as to the direction of reporting in the future.

140. This impact assessment has therefore frozen the absolute relationship between anticipated reporting numbers and the baseline, rather than applying a proportional relationship. This would have seen a saving of a *proportion* of total reports rather than an *absolute* number, as applied above. As no trend has been assumed in baseline reports, the two approaches are equivalent.

141. However, if baseline reporting numbers were to decline over the next ten years in the categories amended in Options 2 and 3, there is a risk that the cost savings calculated above will not occur in full as some of the reports expected to be saved due to the RIDDOR amendments will already have been lost through natural decline. Conversely, if there were an increase in baseline RIDDOR reporting over the next ten years, the cost savings would be greater as savings would be experienced against a greater numbers of reports in amended categories. Sensitivity tests suggest that

introducing arbitrary levels of trend would not substantially change the results of the cost benefit analysis given above.

Consideration of Wider Impacts

142. A consideration of the wider impacts of these proposals has been conducted and it is not believed that there will be any negative impacts as a result. An equality impact assessment screening has been conducted which did not identify any potential issues.
143. As small firms are not expected to spend any time familiarising themselves with the changes to RIDDOR, but are expected to benefit from reduced number of reports, then they will observe benefits from this change. The rationale behind this can be found in paragraphs 133 to 134.
144. Having considered the impact of the proposal on competition between firms within the framework recommended by the Office of Fair Trading (OFT) it is not anticipated that the proposed changes to RIDDOR will have any impact.²⁰

Summary and Preferred Option

145. The preferred option is Option 3, which meets HSE's commitment to amend to RIDDOR reporting requirements and delivers an 'out' for business while retaining incident data on those areas HSE considers a priority and where intervention in the instance of ongoing risk will be most effective.
146. Present value costs over the appraisal period are £990 thousand and cost savings are £2.3 million. The best estimate for the net benefit based on present values over the appraisal period is £1.3 million.
147. A summary of this preferred option can be found in Tables 6 to 8.

²⁰ For the OFT's brief guidance on competition assessment please see http://www.of.gov.uk/shared_of/reports/comp_policy/Quick-Guide1-4.pdf

Annex 1: ORR Impact Assessment

Evidence Base (for summary sheets)

1. The Office of Rail Regulation (ORR) is the health and safety enforcing authority for Britain's railways, including the mainline railway, the London Underground (LU) network, other metro systems, tramways, light rail systems and the heritage sector. The general provisions of RIDDOR to report accidents and incidents apply to railways employers. RIDDOR provides ORR with data on precursor events, which inform enforcement activity, and enables the targeting of regulatory activity.
2. As the enforcing authority for a public transport sector, ORR has a vital role in checking that **passengers** and **other members of the public** are protected from danger arising from the railways. Data from RIDDOR reports provides vital information on near miss events, which have the potential to cause catastrophic risk on the railways.

Current reporting arrangements

3. ORR has previously agreed that, for the mainline, RIDDOR reporting may be done via the industry body the Rail Safety and Standards Board (RSSB) which manages a central safety management information system (SMIS) into which all incidents and near misses are reported. This applies to all incidents with the exception of those that need to be reported recently by telephone, and which may need an urgent response from ORR (although ORR normally receives the follow-up written confirmation by this route). RSSB applies a filter to the reports in SMIS and draws out those incidents that are RIDDOR reportable. These are sent to ORR electronically every 48 or 72 hours.
4. ORR has a similar arrangement with the second largest sector, London Underground.
5. These arrangements have been put in place to simplify the reporting procedures and reduce burdens on the industry.
6. The remainder of the industry (other metro systems, tramways, light rail systems and the heritage sector) reports individually and electronically via ORR's website.
7. Currently ORR receives annually, on average:
 - 300 reports of fatalities to workers, passengers and other members of the public;
 - 170 major injuries to workers;
 - 800 minor injuries to workers;
 - 250 suicides;
 - 40 cases of ill health;
 - about 1,700 cases of passengers and other members of the public being taken to hospital for treatment; and
 - around 2,250 rail-specific dangerous occurrences

Investigation

8. ORR has published criteria explaining how it chooses accidents and incidents for investigation, resulting in investigations of:

- **100% of reported work-related fatalities to workers, passengers and other members of the public (except suicides and death of trespassers over 16 years of age); around 80% of major accidents to workers, focusing on the most serious;**
- **a very small proportion of minor injuries to workers;**
- **a very small number <10 suicides;**
- the most serious cases of passengers and other members of the public being taken to hospital for treatment – around 35 p.a.;
- the most serious dangerous occurrences that could give rise to a serious train accident such as a collision or derailment - around 35 p.a.

9. The Rail Accident Investigation Branch (RAIB) also investigates accidents and serious incidents on the railways for the purposes of establishing cause. They are not, however, an enforcing authority and it is for ORR to determine whether legal proceedings are appropriate. Therefore, ORR has an involvement in most incidents that the RAIB investigates.

Policy objective

10. To review the reporting requirements that RIDDOR places on railways dutyholders in the light of the Löfstedt Review, the current prioritisation of deregulation within Government, and removing burdens on industry, whilst ensuring ORR can continue to carry out its functions as a credible health and safety regulator.

Development of Assumptions

11. The cost benefit analysis within this impact assessment for the railways sector has been calculated alongside HSE estimates for the impact of proposals throughout the wider economy. Under the principle of proportionality in analysis, it was not considered appropriate to conduct an uncertainty analysis on the costs and cost savings to the railways sector given their relatively small size against those estimated by HSE. As such, the costs and cost savings that follow represent the best estimate only without a minimum and maximum estimate calculated.

Proposal for railways

Option 1: Do Nothing

12. This is the 'Do Nothing' or baseline scenario. Under this option, the status quo would remain and no costs or benefits would be incurred. Options 2 and 3 will be compared to this option.

Option 2: Reporting only of Fatal Injuries to workers and members of the public, Major Injuries (revised list) and Over-7-Day Injuries to workers and certain Dangerous Occurrences and Gas Events

13. Remove the reporting requirements for:

- **suicides;**
- **all non-fatal injuries to members of the public;**
- **rail specific dangerous occurrences (except for 49, 50, 51, 52, 53, 54, 59 and 68);**
- **ill health;**
- **and revise the list of general dangerous occurrences and major injuries.**

Rationale

14. The rationale for Option 2 is based on the reasons put forward by HSE in its consultation document (<http://consultations.hse.gov.uk/gf2.ti/f/16770/444133.1/PDF/-/CD243.pdf>).
15. ORR investigates accidents and incidents to identify weaknesses of risk management and non-compliance with the law. ORR also has an overriding responsibility under proposed European regulations (the Common Safety Method for Supervision) to scrutinise the performance of safety management systems on the railway. Investigating incidents is an important part of this duty.

Risks and assumptions

16. The major risk of Option 2 is that ORR will lose vital information about precursor events that could lead to a catastrophic event on the railway, and an important source of intelligence on which to base decisions about strategic direction and priorities. ORR believes that this risk can be mitigated to some extent for the mainline and LU by continuing its agreement by which ORR is given access to their data, but this would be a voluntary arrangement. There can be a small time lag between receiving information this way, as opposed to direct from the duty holder, as there is a processing period at RSSB or LU. ORR does not feel the time-lag would significantly adversely affect its regulatory activities. However, there is a risk that over time the lack of a legal obligation would lead to a lapse in the reporting of incidents and reduced confidence on the part of ORR, railway workers and members of the public that incidents were being recorded and reported.
17. The agreement with the mainline and LU railways would not include heritage railways, metro systems, tramways, and other light railway systems, so an alternative voluntary reporting arrangement would need to be established for these groups. The same risks of a voluntary arrangement would apply.

Calculation of Costs and Cost Savings of Option 2

18. For cost and benefit analysis, ORR has adopted the unit costing used by HSE in their final stage RIDDOR amendments impact assessment of 2013. These assumptions differ in some cases from those used at consultation stage, where new evidence or consultation responses have led to a reappraisal. Given that central reporting for the mainline and LU will not provide any significant savings to employers, ORR has calculated the business savings that will accrue to those parts of the railways sector that report directly to it via the web form.
19. As this impact assessment considers costs and benefits that extend over time, future values have been discounted to the present using a discount rate of 3.5% and a horizon of ten years has been assumed in accordance with Treasury guidelines.¹

Costs of Option 2

Costs to Business

20. ORR has calculated the costs of familiarisation with the changes as affecting only those parts of the sector that are not mainline or London Underground (LU), as their reporting into central databases will remain unchanged. There are in the region of 150 duty holders who will continue to report directly and ORR has used the HSE assumption of £62 per employer to familiarise. This is based on two hours' work on the part of a manager per site at a full economic cost of £31 per hour². This gives a **one-off cost of around £9,300**.

¹ http://www.hm-treasury.gov.uk/d/green_book_complete.pdf

² Source: ASHE 2011, SOC 4 digit, mean salary for a production manager (code 112) uprated by 30% to reflect non-wage costs

21. In addition, LU and the RSSB have estimated that it will cost £20,000 each to update their software filters in light of the proposed changes. As RSSB is approximately funded one-third by Department for Transport (DfT) and two-thirds by the private sector (one-third Network Rail and one-third train operators), two-thirds of the cost to RSSB, or £13,000, is considered a cost to business. As such, software updates are estimated to represent a **one-off cost to business of around £33,300**.

Costs to Government

22. As the RSSB is approximately one-third funded by DfT, one-third of the £20,000 cost of updating software filters is expected to fall to Government. This gives a **one-off transitional cost of around £6,700**.

Summary of Costs

23. In summary, Option 2 is expected to impose **costs on the rail sector of around £49,000**. These are all one-off transitional costs. Just under £43,000 is incurred by business while around £6,700 falls on Government.

Cost Savings of Option 2

Cost Savings to Business

24. It is expected that there will be in the region of 400 fewer reports made by employers outside of the mainline and LU. The cost saving to business from each report as calculated by HSE is £12. This gives an annual cost saving to business of around £5,000. This has a **present value over ten years of £42,000**.

Cost Savings to Government

25. For the cost savings to ORR it has been estimated that there would be in the region of 4,000 fewer reports, from all employers, to be received via IT systems at a unit saving of about £0.40. This gives an annual saving to ORR of approximately £1,600.

26. For a manager at ORR to assess and process a report to determine whether ORR should conduct an investigation or make further enquiries, a unit saving of £11 has been assumed in line with the HSE estimate. This equates to an annual cost saving of around £44,000.

27. In sum, these two estimated cost savings give a total cost saving to ORR of a little over £45,000 per annum and a **present value of approximately £390,000**.

Summary of Cost Savings

28. In total, Option 2 yields cost savings to the rail sector of around £50,000 annually and **£430,000 in present values**, all due to reduced reporting. Of the present value, £42,000 accrues to business and £390,000 to Government.

Summary of Costs and Cost Savings for Option 2

29. Overall ORR estimate that the changes proposed under Option 2 in this impact assessment will result in one-off costs to the rail sector of about £49,000. Of this figure, just under £43,000 is borne by business and around £6,700 by Government.
30. Cost savings are ongoing and are worth to the rail sector £50,000 per annum or £430,000 in present values. Of this present value, £42,000 is observed by the rail industry and £390,000 by the regulator.
31. The Net Present Benefit of Option 2 to the railways sector is estimated at £380,000 in total. All of this falls to Government – rail businesses roughly break even. Costs and cost savings for the rail sector are summarised in Table 1, which is rounded to two significant figures.

Table 1: Estimated Costs and Cost Savings of Option 2 to the Rail Sector

	Total Costs
	Best Estimate
Costs	
Familiarisation Costs	£9,300
Costs from updating software	£40,000
Total Cost	£49,000
Cost Savings	
Cost savings from reduced number of reports	£430,000
Total Cost Savings	£430,000
NET BENEFIT	£380,000

Note: Table may not sum due to rounding

Option 3: Revision of list of reportable Major Injuries, Ill Health conditions and certain Dangerous Occurrences and Gas Events

32. Option 3 proposes to revise the list of major injuries and general dangerous occurrences in line with the proposals under Option 2. However, reporting of non-fatal injuries to members of the public would be retained and the list of reportable short latency ill health conditions would be reduced to six, as follows, rather than revoked entirely. These would be in addition to two current EU requirements on Occupational Cancer and Biological Agents.
- Hand Arm Vibration Syndrome
 - Carpal tunnel syndrome
 - Dermatitis
 - Severe cramp of the arm
 - Tendonitis
 - Occupational asthma

33. In addition, reporting requirements for suicides on the railways and one rail-specific dangerous occurrence, DO 71 pertaining to overcrowding on platforms, would be revoked.

Risks and assumptions

34. Managing risks to the travelling public is an intrinsic part of running a safe railway. The relevance of injuries to non-workers differs from other HSE regulated sectors, and this needs to be reflected in the reporting requirements. The loss of this intelligence under Option 2 would create a significant business risk to ORR and its ability as a regulator to effectively protect passengers and others. Public expectations are that this type of information is recorded and acted upon where necessary. This expectation is heightened in a sector where there is potential for incidents to have high consequences in terms of passenger casualties.
35. Hand-arm vibration syndrome, carpal tunnel syndrome, severe cramp of the arm and tendonitis are significant risks for railway construction and maintenance workers. The loss of the reporting of these under RIDDOR would mean that ORR as a regulator would need to rely on duty holders providing the information voluntarily. The requirement for mandatory reporting of these particular ill health cases allows ORR to obtain data from health surveillance records in order to identify and better target interventions at the highest risk groups.
36. ORR has introduced a programme to drive the rail industry to better manage work-related ill health, including improving their monitoring, measuring and reporting of ill health. This has increased awareness of reporting requirements, which is likely to have influenced an increase in the reporting of hand-arm vibration syndrome in recent years. Removing the reporting requirement potentially sends a message which undermines ORR's emphasis on the importance of ill health management. It will also impact on ORR's assessment of progress against its 2010-14 occupational programme, which uses reporting of occupational diseases under RIDDOR as one of its baseline indicators.
37. A major risk of Option 2 is that ORR will lose vital information about precursor events that could lead to a catastrophic event on the railway, and an important source of intelligence on which to base decisions about strategic direction and priorities. Option 3's retention of all but one rail-specific dangerous occurrence (DO 71) reduces the risk that over time the lack of a legal obligation would lead to a lapse in the reporting of incidents and a loss of confidence that incidents were being recorded and reported. Dangerous Occurrence 71 adds little to ORR's knowledge of the rail industry and ORR on average receives one report annually in relation to it.
38. Removing the reporting requirements for Dangerous Occurrences because they exist in the Railways (Accident Investigation and Reporting) Regulations 2005 (RAIR) and are reported to RAIB does not result in the Dangerous Occurrence being reported to ORR. RAIB's reporting requirements are specific to certain types of incident that involve moving rolling stock. Consequently, the range of Dangerous Occurrences to be notified to RAIB under RAIR is narrower than that reportable to ORR under RIDDOR.
39. Although some of this information relating to members of the public, ill health and rail-specific Dangerous Occurrences is available to ORR from other sources, such as the RSSB's Safety Management Information System (SMIS) these are voluntary arrangements only, and there would be a gap in relation to metros, trams, light rail and heritage railways. ORR believes that the high political and public interest in incidents involving the public on the railways is such that a continuing statutory requirement is justified.

Calculation of Costs and Cost Savings of Option 3

40. As with Option 2, the costs and benefits of Option 3 are calculated based on the unit cost assumptions used by HSE in their final stage RIDDOR amendments impact assessment of 2013.

Costs of Option 3

41. It is expected that the costs of Option 3 will not differ from those under Option 2, except in respect of familiarisation to business. In line with HSE's assumptions, given that the changes proposed under Option 3 are less broad than those considered under Option 2, it is assumed that the time taken per site to familiarise will fall on average from 2 hours to 1 hour. This gives a unit cost to the 150 familiarising dutyholders of £31 and total one-off familiarisation costs of around £4,700.
42. In summary, business will incur costs of about £4,700 due to familiarisation and about £33,300 from updating software giving a one-off total of about £38,000. Government will incur costs from updating software of around £6,700. This gives **total one-off costs under Option 3 of just under £45,000**.

Cost Savings of Option 3

43. ORR estimates that around 460 reports in total would be saved annually under Option 3 in the rail sector.

Cost Savings to Business

44. It is expected that there will be approximately 50 fewer reports that will be made each year by employers outside of the mainline and LU and will therefore yield a business benefit. Based on HSE's assumed £12 saving per report, this gives an annual cost saving to business of approximately £600 with a **present value over ten years of around £5,400**.

Cost Savings to Government

45. For the cost savings to ORR, it has been estimated that there will be in the region of 460 fewer reports from all employers to be received annually at a unit cost saving of around £0.40. In addition, for a manager at ORR to assess and process a report to determine whether ORR should conduct an investigation or make further enquiries, ORR has assumed a unit saving of £11 in line with the HSE estimate. In total, this equates to an annual saving of around £5,300 and about £45,000 in present values.

Summary of Cost Savings of Option 3

46. Option 3 yields an annual cost saving of around £6,000. Over ten years, this has a **present value of approximately £51,000** of which about £5,400 accrues to business and £45,000 to Government.

Summary of Costs and Cost Savings of Option 3

47. It is expected that costs under Option 3 will be in the region of £45,000, of which about £38,000 will be borne by business and about £6,700 by Government. All are one-off transition costs.
48. Total on-going cost savings are expected to be around £6,000 annually or about £51,000 in present values. Of the present value, £5,400 is expected to accrue to business and about £45,000 to Government.

49. The net benefit of Option 3 to the railways sector is expected to be around £6,000. Of this, business suffers a net loss of £33,000 and Government observes a net benefit of a little under £39,000. This is summarised in Table 2.

Table 2 – Estimated Costs and Cost Savings of Option 3 to the Rail Sector

	Total Costs
	Best Estimate
Costs	
Familiarisation Costs	£4,700
Costs from updating software	£40,000
Total Cost	£45,000
Benefits	
Benefits from reduced number of reports	£51,000
Total Benefit	£51,000
NET BENEFIT	£6,000

Note: Table may not sum due to rounding

Other Impact Tests

Equality Act 2010

50. ORR has considered these proposals in the light of its responsibility as a public body to promote the provisions of the Equalities Act. We can find no implications for persons with protected characteristics and consider these proposals neutral.

Small and Medium Enterprises

51. Many of the businesses that will gain from the reduced requirements to report will fall into the SME sector. Therefore, ORR believes this to be a positive impact.

Competition assessment

52. ORR's proposals will be neutral in respect of competition.

Health and well-being

53. A reduction in the reporting of injuries to members of the public to ORR may result in a risk to health and well-being because ORR would not capture intelligence about serious injuries. The retention of members of the public reporting requirements under Option 3 is expected to mitigate any such risk.

54. Removal of the requirements to report ill health under RIDDOR in Option 2 would have potential to impact on health risk management, including health surveillance arrangements, and the absence of mandatory reporting could reduce the intelligence base to inform regulatory interventions by ORR. With ORR's current focus on occupational health, RIDDOR reports provide

a powerful means of engaging companies in discussion on health risk management, even if a full investigation is not carried out. The requirements for ill health reporting under Option 3 would retain this data in relation to the ill health conditions that form ORR's key areas of priority.

Justice Impact Test, Rural Proofing and Sustainable Development

55. ORR has considered these tests and find them neutral.