

HEALTH AND SAFETY MISCELLANEOUS AMENDMENTS REGULATIONS

REGULATORY IMPACT ASSESSMENT (POST CONSULTATION)

PURPOSE AND INTENDED EFFECT

Issue

1. This Regulatory Impact Assessment addresses amendments to a number of regulations implementing European Council Directives. The amendments are intended to address concerns raised by the European Community (EC) over the implementation of the directives in the UK, and take account of a recent European Court ruling. At the same time, the proposals aim to 'tidy up' several areas of the existing regulations.

Risk assessment

1. The changes will maintain current health and safety standards. The only exception to this, and the only area which we expect any additional cost and benefit, is in the European Court ruling concerning the Display Screen Equipment Regulations (DSE).

Objectives

1. These changes are being made to satisfy EC concerns, and to enhance some other aspects of the regulations which have not proved to be clear.

Options considered

1. These are as discussed in the accompanying consultation document. With respect to the DSE regulations, the European Court ruling requires a specific change to be made to UK legislation.

Information sources

1. Key information comes from an evaluation of the DSE regulations as described below.

BENEFITS

Health and safety benefits

1. The benefits of the DSE regulations were examined at the time the regulations were put in place. The original assessment noted that the regulations should help to reduce the incidence of upper limb disorders, temporary eye strain, and headaches suffered by some DSE users, but was unable to quantify the overall risks, or the extent of any reduction. However, it was noted that if only ten percent of all DSE users took 1½ fewer days sick leave as a result of the regulations, then the benefits should balance the costs.

2. An interim evaluation of the regulations (see below) found that many employers also had difficulty in quantifying the benefits. However, employers felt that improved staff morale, reduced stress, and increased productivity were key benefits, followed by reduced sickness absence, turnover, and compensation claims. One-third of employers strongly agreed that they had experienced some or all of these

benefits. 1½ days leave is equivalent to 0.5% of annual productivity, suggesting that productivity gains on this scale would only have to be felt by one-tenth of DSE users for the regulations to provide a net benefit.

3. The proposed amendment to the DSE regulations will widen the number of workstations under scope and may possibly increase compliance with amongst some temporary workers. We consider it highly likely that the associated productivity gains will exceed the compliance costs.

Other benefits

1. None.

COSTS

Business sectors affected

1. Almost all business sectors will need to become familiar with the changes, and many of these will be potentially affected by the amendments to the Display Screen Equipment regulations. Sectors particularly affected are those such as SME's and charities. These costs are described below.

Familiarisation with the changes

1. This should be a very straightforward matter. We typically allowed between one and three hours familiarisation time for key personnel when each set of regulations originally came into force. Familiarisation with these changes will take a fraction of this time, and we assume 15 minutes will be sufficient. We believe (with the exception of DSE) no further action will need to be taken. This suggests costs for all 1.35 million UK employers of £5 million.

Display screen equipment regulations

1. The amendments will require employers to modify any display screen equipment workstations that do not presently comply, rather than ones just used by users or operators (ie workers in the Directive's definition). This will remove the possibility that a non-complying workstation may be inadvertently used by a defined user.

2. In addition, the clarification of the position of agency workers may draw attention to the fact that is the employing agencies' responsibility to ensure that any workstation used by the agency worker is compliant, and that these workers have the statutory right to training and eye-tests (etc) under the regulations.

Non-compliant workstations

1. The DSE regulations were evaluated by the Institute for Employment Studies (IES) in 1996¹, and the original regulatory impact assessment was reconsidered at this time. It was recognised in the original work that there may be many work stations which are only used intermittently, and were therefore not in scope of the regulations. However, it was also felt that there would be some work stations where there is more than one user, and many cases where the employer would find it impractical to distinguish frequent from occasional users. For the purposes of the original assessment it was assumed that there were two 'frequent users' for every three workstations.

2. Estimates by independent market research consultants suggested there were approximately 6.75 million computerised work stations in 1991, which indicated some 4.5 million workstations used by frequent users. The IES study estimated that there were 5.5 million 'habitual users' in 1995, which was thought to be broadly consistent with the initial estimate, given the assumption of a 10% yearly growth in use.

3. The IES work found that 40% of employers considered that everybody was covered by the regulations, and one-third of employers applied the regulations to all work stations. One-third of employers referred to HSE guidelines, and one-quarter applied the regulations to those working over half their working time at a screen, or alternatively offered eyesight tests on a voluntary basis. One in five of all employees used DSE enough to be considered a "user" under the regulations, 5.5m employees in total, although around half of employers did not distinguish between the regulations' definitions of "user" or "operator".

4. The IES evaluation did not estimate the numbers of workstations, but it seems clear there are substantially more workstations than 'habitual' users, or users as defined in the regulations. The original estimate of 50% more workstations than users seems reasonable. The overall average cost of making adjustments to workstations was found to be around £100 for the 55% of workstations requiring this, and this figure would uprate to around £140 in 2001 prices. Importantly, a clear majority (71%) of alterations were done as result of IT upgrades with the regulations in mind, rather than as a direct result of the regulations alone. We reduce this figure to £70 (2001 prices) to reflect the fact that some of the alterations to workstations under taken in 1995 were reported to relate to individual users requirements as a result of risk assessment. Also, some of the other non specific worker alterations may have already been undertaken.

5. We take the number of workstations in 1995 to be $5.5m * 150\% = 8.25$ million, of which a third, or 2.75 million, would not be used by one habitual user. We do not allow for any increase in this figure since 1995, since (unlike in the original assessment) it is very likely that the vast majority of suitable workstations would have been equipped with DSE by this time. We know that at this time one-third of employers already applied the regulations to all their workstations. We should also make a further significant allowance for employers who have made alterations since 1995 as a result of upgrades. We therefore assume that in total 75% of the additional 2.75 million workstations not used by a defined user to be already compliant, whether by the employers policy or through equipment upgrading. This leaves some 0.7 million workstations that may need alteration.

6. This would indicate a total cost of $0.7m * 55\% * £70 = £26$ million, assuming full compliance with this element of the regulations.

Agency workers

1. The IES study asked employers if anybody not permanently employed by the organisation used DSE equipment owned by the organisation. Not surprisingly, the results varied significantly by size of organisation, as follows:

Table 1: Employers use of temporary workers who use DSE, as a percentage of all employers (percentages add to more than 100 since respondents could give more than one answer)

Percentage of all employees who are:	<i>Number of employees</i>				
	<i>1-24</i>	<i>25-99</i>	<i>100-299</i>	<i>300+</i>	<i>All</i>
Agency workers	8.8	22.4	41.5	50.9	11.1
Self employed temporary workers	2.9	5.4	12.8	15.1	3.5
Other self-employed workers	8.1	6.9	8.9	9.1	8.0
Sub-contractors	4.7	5.3	9.5	13.6	5.0
Short-term contract workers (less than six months)	3.3	10.6	24.4	33.2	4.7
Other	4.2	5.5	6.3	7.3	4.4
None	78.1	63.5	44.3	37.9	75.7
Don't know	0.3	0.0	0.1	3.2	0.3

1. The IES study also asked employers who use temporary workers to indicate how many jobs involving the use of DSE had been filled by employees not permanently employed by their organisation in the last year. For organisations with more than 300 employees, 44% indicated that under one percent of jobs were filled in this way, and a further third indicated between 5-10% of posts were filled by temporary workers. In organisations with between one and 24 employees, just over a fifth of employers indicated that temporary/agency workers represented over 30% of the permanent total of it's 'DSE users', and a further 29% indicated the figure was between 10% and 30%. Only 14% indicated it was less than one percent.

2. This indicates that, in the largest firms, around 3% of all workers will be temporary/agency staff who use DSE provided at their place of work, and around 15% of workers in small firms will fall into this category. Lacking information on the two other size categories for small-medium and medium-large firms, we assume that the proportions are 10% and 5% respectively. Grossing these figures to GB totals by the number of employees in these various categories (from the Office for National Statistics, ONS) gives an approximate estimate of the number of all non-permanent workers using DSE owned by the temporary employer. It should be noted that the size bands for employment are slightly different to the IES survey, which will result in some approximation:

Table 2 : Estimated number of non-permanent and agency workers who use DSE

	<i>Number of employees (ONS classification)</i>				
	<i>1-19</i>	<i>20-99</i>	<i>100-249</i>	<i>250+</i>	<i>All</i>
Number of employees in size category, millions	5.39	2.47	1.48	9.67	19.0

Estimated proportion of non-permanent workers who use DSE	15%	10%	5%	3%	-
Numbers of these workers	0.81	0.25	0.07	0.29	1.42

1. This indicates that some 1.4 million non-permanent workers will use DSE equipment owned by the employer at which they are temporarily based. Labour Force Survey (LFS) data indicates that around 20% of all temporary workers will be agency workers, however the standard LFS definition of temporary workers is not directly comparable with the IES research, the latter including self-employed workers as temporary as far as the employer is concerned. Nevertheless, a maximum estimate of the number of agency workers using DSE equipment owned by the employer at which they are temporarily based is 280,000.

2. The IES survey found that, whilst all workstations may be assessed regardless of whether they were being used by permanent or non-permanent staff, employers thought it was up to the employing agency to provide eye testing, spectacles, and general training. For firms providing eyesight tests on requests (as required by the regulations), some 35% of users had had a test since 1993. The research did not separate this analysis by permanent versus temporary workers, but for agency workers we believe the proportion requesting eye sight tests may be lower because due to their typically younger age they may not need (or request) eye sight tests. We therefore assume that the number of agency workers requiring eye-testing would be some 25% * 280,000 = 70,000 (rounded). The cost associated with this were estimated to be £30, including the provision of spectacles in some cases, which would uprate to £40 in current prices. To provide eye-testing, where requested for agency workers using DSE would (or would have already) cost some £2.8 million in total.

3. The other principle non-workstation cost associated with the regulations is training. The IES work found that training costs were fairly consistent, averaging £35 per person. When uprated to £50 in current prices and applied to agency workers, this indicates a compliance cost of £3.5 million. Total compliance costs for agency workers with the elements of DSE which are not related to work equipment, and were generally (correctly) perceived to fall to the employing agency, would be £6.3 million.

4. The proposed amendments to the DSE regulations may lead to an increase in compliance amongst employing agencies, who may not have been aware of their duties. In the IES study, just over half of employers thought that they had taken at least some action to comply with the regulations, and this proportion may have increased since 1995. However, the compliance rate may well have been lower amongst employers of agency workers at this time, but may since have increased. If the amendments have the effect of increasing compliance by 20% to 30%, from say 50% currently to between 70% and 80%, this would indicate compliance costs of 20-30% * £6.3 million = £1.3 million to £1.9 million. Full compliance would cost an additional £3.2 million.

Compliance costs for a 'typical' business

1. This will depend on the number of workstations. One-fifth of all employees use DSE to an extent that the regulations apply, and we have assumed that the number of workstations not covered will be a further 50% to the workstations used by these

employees. A company with 1,000 workers not already in compliance will therefore need to assess a further 100 workstations, at a cost of $100 * £70 * 55\%$ needing adjustment = £3,850. However, around half of all companies will already be in compliance.

2. Costs to employment agencies will be £90 per worker, for those not already in compliance.

Total compliance costs

1. Total compliance cost are estimated at around £30 million, given a current baseline of 75% 'pre-existing' compliance amongst general employers, and 50% compliance amongst employment agencies. All these costs are incurred on a one-off basis. Any recurring costs will be very small.

Impact on small and medium sized businesses

1. Large firms may experience some economies of scale in carrying out workstation assessment. Apart from this, there are no disproportionate impacts on small businesses.

Costs to HSE

1. None.

Other costs

1. None.

Total costs to society

1. These are the compliance costs estimated above.

ENVIRONMENTAL IMPACTS

1. None.

BALANCE OF COSTS AND BENEFITS

1. The one-off cost of £30 million is highly likely to be outweighed by increased productivity gains (and reduced absence, turnover etc) associated with the changes.

Uncertainties

1. We have good information on the DSE regulations from the evaluation. The key uncertainties relate to current compliance, especially amongst employment agencies.

Arrangements for monitoring and evaluation

1. Subject to statutory 5 yearly review, as required by the European Commission.

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