

**Health and Safety Executive (HSE)**

**Evaluation of the impact of charging on COMAH**

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## 1. EXECUTIVE SUMMARY

### 1.1 Introduction

The 1997 Quinquennial Review of the Health and Safety Executive (HSE) recommended that HSE should investigate introducing charging for its safety case regimes. Following a feasibility study charging schemes were introduced for the Control of Major Accident Hazards (COMAH) from April 1999 and for Railways, Gas Transportation and Offshore from October 1999. Because of concerns about the introduction of charging Ministers agreed that a review of each charging scheme should be conducted after two years of operation. In June 2001 Deloitte & Touche were commissioned to carry out this review programme. This report relates to our review of the impact of the COMAH scheme. The review programme will include separate reports on Railways, Gas Transportation and Offshore as well as cross-cutting reports on:

- the reasonableness of charge-out rates;
- the efficiency of charging administrative processes;
- a review of the effectiveness of the queries and disputes procedure.

### 1.2 Overview of approach

Our work on the COMAH charging scheme was carried out primarily through a structured, and agreed, process of tripartite consultation with dutyholders, staff from the Competent Authority (HSE, EA, SEPA) and unions. Consultation was supplemented by a limited amount of data analysis.

The consultation methods employed during this review included a survey, telephone interviews, face to face interviews, and workshops. Using these methods across the three groups of stakeholders provided us with opportunities to explore the impact of charging from a number of different viewpoints and dimensions.

### 1.3 Findings

Summarised below are the findings of the COMAH study. The findings are arranged into a set of specific areas which was derived from our terms of reference. Each of these areas was explored in detail during the study, making use of the methods described above.

#### ***Effect of charging on industry's health, safety and environmental policies, practices and compliance performance***

The overwhelming majority of companies consulted felt that they had not changed their health, safety or environmental policies, practices or compliance as a direct result of charging. Most observed that the main reasons for any changes in these areas was the COMAH legislation itself, and not charging specifically.

Inspectors ratified this finding, having noticed very little change as a direct result of charging. The one area where some change has been noticed is companies' preparedness for a visit. Some inspectors noted that companies tend to be better prepared for an inspector visit since charging was introduced.

### ***Effect of charging on relationship between the Competent Authority and industry***

The majority of companies felt that charging had not affected the relationship between the regulator and the regulated. Of those who claimed it had been affected, the majority felt it had worsened. The most commonly cited reason for this change was that charging formalised the relationship, and led to inspectors being less likely to spend time discussing wider health and safety issues with duty holders. Duty holders felt that the legislation, and not only charging, had an impact on this as well.

The majority of inspectors have noticed some changes to the relationship, but very few felt the overall effect was major. Most noted that charging is now the first thing discussed in meetings with industry, and some that operators seem to be providing a minimum of information since charging was introduced. They also noted that there is a general tendency for companies to expect 'value for money' from inspectors since the introduction of charging.

In terms of specific changes to the relationship, the most commonly cited change is in the area of proffering and requesting advice. When probed, the majority of companies, even those who claimed to have noticed no change to the relationship noted that, since charging, they ask for less advice from inspectors. Many claimed this was to reduce the likelihood of incurring additional charges. Furthermore, they feel that inspectors are offering less advice, being concerned that the company may perceive this as a way of increasing the final bill. The area of advice proffering and requesting is also influenced by the lack of clarity, by both inspectors and companies, as to which advice is chargeable, and which is not.

On the positive side, inspectors noted (as discussed above) the increased preparedness of companies, and some felt that they themselves made more effort to be prepared and more professional when visiting a site.

### ***Effect of charging on operational behaviour and morale of inspectors***

A small number of operators felt that charging had negatively impacted the operational behaviour of inspectors, feeling that inspectors spend less time discussing health and safety issues than before. A few were convinced that inspectors are spending more time on site than before, and felt that this was to meet billable hours targets. While this specific belief was held by a very small number of duty holders, a number felt that the new charging arrangements increased the likelihood of this happening in the future. While a number of inspectors mentioned working to billable days targets, most of these felt that this was not necessarily influencing operational behaviour negatively, and felt that team leaders and managers were pragmatic about the use of targets. On the positive side, many noted that inspectors are more professional in their approach, and behave more like professional consultants since the introduction of charging.

In terms of morale, it was apparent that many HSE inspectors did not like either the principle or the practicalities of charging, and that morale had suffered as a result. Many said that they had initially been very apprehensive about charging for inspection time, but that the actual impact was significantly less than expected. The majority of inspectors felt that on the whole morale is not noticeably affected by charging.

### ***Cost to industry and the Competent Authority of complying with and administering the new charging arrangements***

The majority of duty holders felt that the costs of complying with the charging arrangements were minimal. Most simply treat HSE as another creditor, and make use of existing systems and processes.

From HSE's point of view, inspectors felt that the administrative time required as a result of charging was not significantly more than that before charging. Most felt that the effort required to complete timesheets following the introduction of charging is very similar to that required before. The one area where there is significantly more effort required relates to queries and disputes. When a hearing is held relating to time billed, the time and effort required from inspectors could be substantial, amounting to weeks at a time. Given that there are currently very few queries progressing to the hearing stage, the overall effect is probably not significant.

Additional administrative costs are incurred by the COMAH Charging Team, the Central Finance team, and the Planning, Efficiency, and Finance Division. The efficiency of these central finance processes is the subject of a separate report.

### ***Effect of charging on the Competent Authority's strategic goals and policy approach***

Interviewees felt that charging has had no impact on the way in which policies and guidelines are developed by each element of the Competent Authority. They felt strongly that policies and guidelines are developed in light of health, safety and environmental concerns, and independently of any considerations related to charging.

### ***Effect of charging on the Competent Authority's regulatory performance***

Data analysis on the effect of charging on regulatory performance was not possible. Inspectors have given COMAH work distinct priority as a result of charging, but our understanding is that this is in line with the policy objectives of HSE. Some inspectors questioned whether focusing on COMAH leads to outcomes that are always aligned with improving broader health and safety.

From industry's point of view, it appears that this policy drive is being interpreted as a drive to generate funding, because COMAH and charging have become almost inextricably intertwined from industry's point of view.

### ***Effect of charging on efficiency of way in which the Competent Authority carries out its functions***

The majority of duty holders felt that efficiency had not changed since charging was introduced. Of those that thought it had changed, most felt it had reduced, feeling

that there was additional bureaucracy because of charging which reduced the overall efficiency of HSE.

Many inspectors, by contrast, felt that their efficiency had increased since the introduction of charging. They felt that their work was now more focused, more transparent and, as a result, more efficient.

Transparency does appear to have improved, and some of the issues arising as a result, which reflect on efficiency, are inconsistency and co-ordination. Multi-site operators, in particular, raised concerns about consistency in inspection, citing examples where different inspectors behave and advise differently at different sites. Co-ordination between HSE and EA or SEPA was also raised, with duty holders citing examples where co-ordination was clearly lacking.

### ***Suggested improvements to the charging scheme***

By far the most common improvement suggested by industry and inspectors was to implement some form of flat-rate charging system. Inspectors felt that it would improve the relationship with industry, while industry's prime reason was that it would make the business planning process much easier. In the same vein, they felt that should the actuals system continue to be used, more effort should be expended in assisting companies to budget.

Some inspectors felt that more guidance could be provided to them on which advice and activities were chargeable, and which not. All felt that this would help improve consistency.

## **2. BACKGROUND TO THE REVIEW & SCOPE AND STATUS OF THIS REPORT**

### **2.1 Background to the review and terms of reference**

The Government's 1997 Quinquennial Review of the Health and Safety Executive (HSE) and Health and Safety Commission (HSC) recommended that HSE should investigate introducing charging for its permissioning, safety case, regimes. A feasibility study was completed and charging regimes were introduced for the Control of Major Accident Hazards (COMAH) from April 1999 and for Railways, Gas Transportation and Offshore from October 1999.

Because of concerns about the introduction of charging raised by HSC, Ministers agreed with HSC's recommendation that a review of each charging scheme should be conducted after two years of operation. In June, 2001 Deloitte & Touche were commissioned to carry out this review programme.

The purpose of the review is to establish the:

- effects of the introduction of charging on HSE's relationship with industry;
- impact of charging, in each industry, on HSE's effectiveness and, in the case of COMAH, on the effectiveness of the Environment Agency (EA) and the Scottish Environment Protection Agency (SEPA);
- effectiveness of the financial and administrative arrangements for the charging schemes.

The terms of reference of the review are to examine the efficiency and effectiveness of the COMAH, Gas Transportation, Offshore and Railways charging schemes and, in particular, to explore:

- the practical effect of charging on industry's health and safety policies, practices and compliance performance (and environment for COMAH);
- the effect that charging has had on the shaping of HSE's strategic goals and policy approach to developing health and safety regulations;
- the costs to industry, and HSE, incurred in complying with and administering the new charging arrangements;
- any health and safety benefits that have resulted from the additional resources that charging has generated;
- the effect of charging on the relationship between HSE and industry;
- the effect of charging on HSE's regulatory performance;
- the effect of charging on the operational behaviour and morale of inspectors;
- whether charging has resulted in efficiency improvements in the way in which HSE carries out its function and whether the operation of charging in

an open and transparent way has resulted in benefits to industry and the regulator;

- what further business improvements could be made to the charging systems.

## 2.2 Scope, status and structure of this report

This is the final version of the COMAH report. This report covers only our findings from the Consultation and Data Analysis Stages of our review of the COMAH charging scheme. It was initially agreed that this report would also include the following:

- findings from our review of the efficiency of charging processes;
- findings from our review of reasonableness of charge-out rates;
- findings from our the review of the effectiveness of the queries and disputes procedure.

It has since been agreed with HSE that these reports will now be provided separately.

This report is structured as follows:

Section 1	Executive Summary	➤	A free-standing summary of the report that summarises our terms of reference, approach, findings and suggested next steps.
Section 2	Background	➤	An outline of the background to this study and the scope and status of this report
Section 3	Methodology	➤	An outline of the methodology which informed our findings
Section 4	Data Analysis	➤	Details of the data analysis we have been able to complete
Section 5	Findings	➤	Findings from the Consultation Stage of our work in relation to the key points in the terms of reference
Section 6	Next Steps	➤	Suggested next steps for the Competent Authority and ourselves coming out of the work on COMAH
Section 7– Section 11	Appendices	➤	A series of supporting Appendices detailing the responses to the questionnaire, key issues that emerged from telephone interviews and workshops, details of interviewees and workshop participants and the original product description for this report.

### **3. METHODOLOGY FOR THE REVIEW OF COMAH**

#### **3.1 Introduction**

Our work on the COMAH charging scheme was carried out primarily through a structured, and agreed, process of tripartite consultation with dutyholders, staff from the Competent Authority and unions. Consultation was supplemented by a limited amount of data analysis. This section provides details of our methodology followed by an overview of the limitations of the approach taken.

#### **3.2 Data analysis**

The aim of data analysis was to identify whether there have been any change in the outcomes of health and safety across the population of dutyholders since charging was introduced. It was agreed that the key outcomes would be provided by records of accident incidents. We agreed to review information provided by HSE dating back to 1998. The analysis of the data set we received is presented in full in section 4.

#### **3.3 Consultation with dutyholders**

The process of seeking the views of dutyholders was structured and sequential. It took place as follows:

- the development of a survey which was sent to all 314 dutyholders that had been invoiced for COMAH work on more than one occasion. This sample was chosen so as to ensure that dutyholders being asked to express their views had sufficient experience on which to base their responses. This survey was completed by 109 (35%) dutyholders. Results were analysed and used as a foundation for subsequent consultation phases (see Appendix 2 for details of the questionnaire and a summary of results);
- follow-up telephone interviews with 19 respondents to explore emerging key issues from the survey and to allow interviewees the opportunity to discuss other issues (see Appendix 3 for a summary of results);
- face to face interviews with four key representative groups - see Appendix 4 for details of who attended;
- a follow-up workshop with 8 representative groups, or their nominees, to explore further key issues – see Appendix 4 for details of who attended.

#### **3.4 Consultation with staff from the Competent Authority**

We consulted with two discrete groups of staff from the Competent Authority:

- inspectors - we held structured face to face interviews with a selection of 20 HSE, 5 EA and 5 SEPA inspectors. Interviewees were randomly selected from geographic sub-populations. We then built on the outcomes from these interviews at cross-regulator workshops in London (HSE inspectors and EA

inspectors) and Edinburgh (HSE and SEPA inspectors). Details of who participated in the interviews and workshops are provided in Appendix 4.

- senior managers - we held interviews with a small number of senior managers from HSE, EA and SEPA to hear their views of the impact of charging. Interviewees were nominated by the Project Manager – see Appendix 4 for details.

### 3.5 Consultation with unions

We consulted with two discrete groups of union members:

- union recognised safety representatives from the COMAH sites that we had selected for follow-up telephone interviews;
- two full-time union officers - – see Appendix 4 for details.

### 3.6 Limitations of Approach

Inevitably, an assessment of the impact of any regulations conducted so soon after a change in legislation, and supplied with incomplete information, will have limitations. The following table sets out our view of the key limitations and the impact of these:

Aspect of work	Limitation	Impact
Data Analysis	As anticipated during planning HSE encountered difficulties providing us with data for the analysis stage. There were also issues relating to the comprehensiveness of this data and the timeliness with which it could be provided. During the consultation process both dutyholders and HSE staff questioned whether data analysis would be meaningful given the sporadic nature of accidents in premises subject to COMAH regulations. See fuller explanation in Section 4.	No conclusions relating to the impact of charging on the level of COMAH accidents is possible at this stage.
Consultation – dutyholders and Competent Authority	COMAH and charging were introduced simultaneously and appear to have become closely linked in the minds of many dutyholders. This can make it hard for them to know whether to ascribe changes in behaviour, relationship and so on to the introduction of COMAH or the introduction of charging. We suspect that when completing the survey some respondents did not separate the effects of the introduction of COMAH from the introduction of charging. During subsequent interviews and workshops this distinction was explained and maintained but this was clearly not possible for survey respondents.	It is likely that some responses to the questionnaire may overstate the impact of charging because questions asked in relation to charging may have been answered in relation to COMAH. Two clear examples of where we think this has happened is ascribing the reduction in inventory levels to charging and equating a greater focus on COMAH to the introduction of charging.

Aspect of work	Limitation	Impact
Consultation – survey and telephone interviews of dutyholders	<p>The survey was only sent to COMAH duty-holders who had been invoiced at least twice. This was to ensure that only those with sufficient experience of the Competent Authority completed questionnaires. This method of sample-selection will have skewed the sample towards top-tier operators (67% of respondents had top-tier sites). There is probably another self-selecting bias, and probably in the opposite direction, towards those who hold stronger views being more likely to complete the survey.</p> <p>The survey was sent to HSE's main dutyholder contacts. In most instances these contacts would be Safety Managers. Surveys were not sent to Board members with responsibility for safety or to Finance staff.</p>	<ul style="list-style-type: none"> <li>- survey results likely to be skewed towards the views of top-tier dutyholders and those with strongest views on charging;</li> <li>- views of dutyholders just below COMAH thresholds not captured;</li> <li>- views captured may be biased towards those of Safety Managers rather than those with more "corporate" perspectives.</li> </ul>
Consultation – Competent Authority	<p>Although we consulted with over 40 inspectors these were drawn from HSE, EA and SEPA. Consequently we have a fairly small sample of inspector views from each. Also because of the nature of this consultation (interviews and workshop events) we do not have statistics on the proportion of inspectors who held particular views etc. Therefore we have had to generalise about opinions and use terms such as "some", "many" and "most".</p>	<p>Less precision in the reported findings from the views of inspectors than from the findings from dutyholders.</p>
Consultation – unions	<p>We set out to consult with 10 union recognised safety representatives from the COMAH sites that we had selected for follow-up telephone interviews. This process proved a time-consuming and ineffective exercise as the three union safety representatives that we managed to speak to had little knowledge, and less evidence, with regard to any impacts of charging.</p>	<p>There is a limited contribution from union representatives to the findings set out in Section 5.</p>

## 4. INCIDENT STATISTICS

### 4.1 Introduction

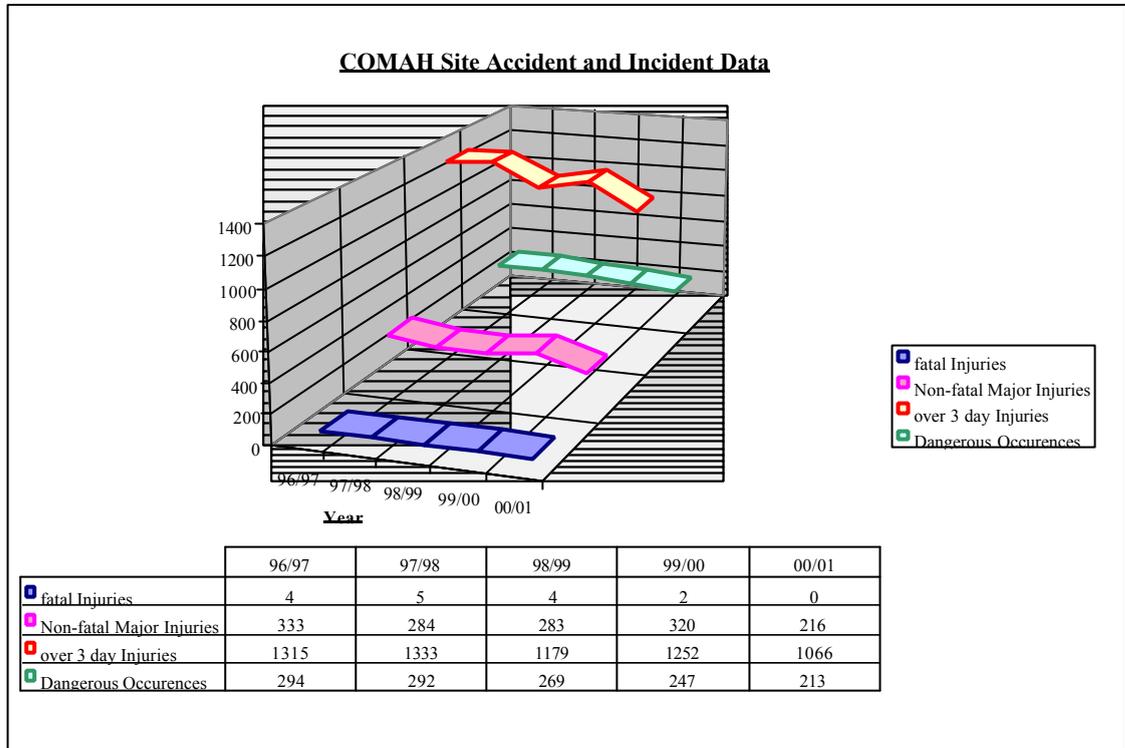
Meaningful data analysis of Health and Safety statistics in relation to COMAH proved very difficult, limited by three key factors:

- by their very nature accidents and incidents at COMAH sites should be sporadic, few in number and long apart. This means that even across a large number of sites any meaningful trend may not be discernible within a period as short as the two years that has elapsed since the introduction of COMAH and charging;
- because COMAH regulations and charging were introduced simultaneously it is very difficult to assess whether any change in accident and incident trends was due to the introduction of COMAH or the introduction of charging. From the understanding we have gathered any change is more likely to relate to the impact of COMAH as this appears to have had greater impact than the introduction of charging;
- HSE has dispersed records of accident and incident data for all sites. This data is not classified entirely in terms of whether sites are subject to COMAH.

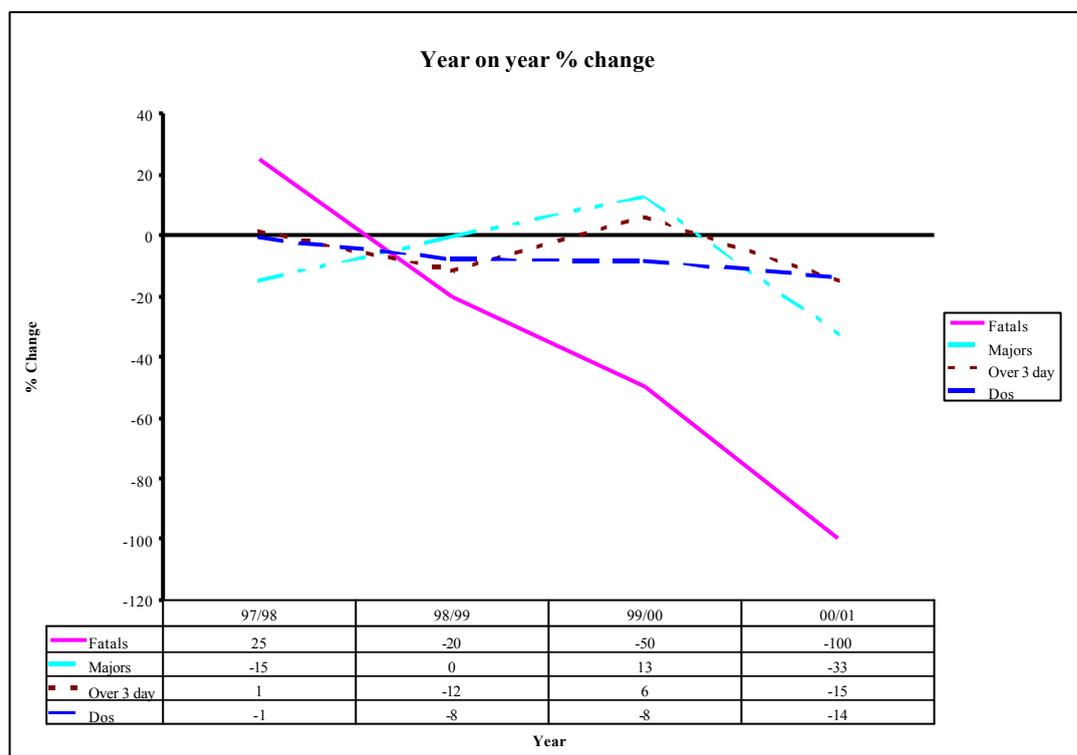
However to provide context for this study – and to evidence the need to place greater reliance on the findings from the Consultation Stage - we asked HSE to provide accident and incident data for a selection of COMAH sites for three years prior to the introduction of COMAH/charging and for the two years since. HSE managed to provide a partial data-set for only one year since the introduction of charging. The rest of this section sets out our findings and conclusions from analysing that data.

## 4.2 Findings

By interrogating different databases HID were able to come up with statistics relating to 1,118 of the estimated 1,300 COMAH sites. The analysis that we have been able to do is set out below:



The graph below shows the year on year change for each of the categories.



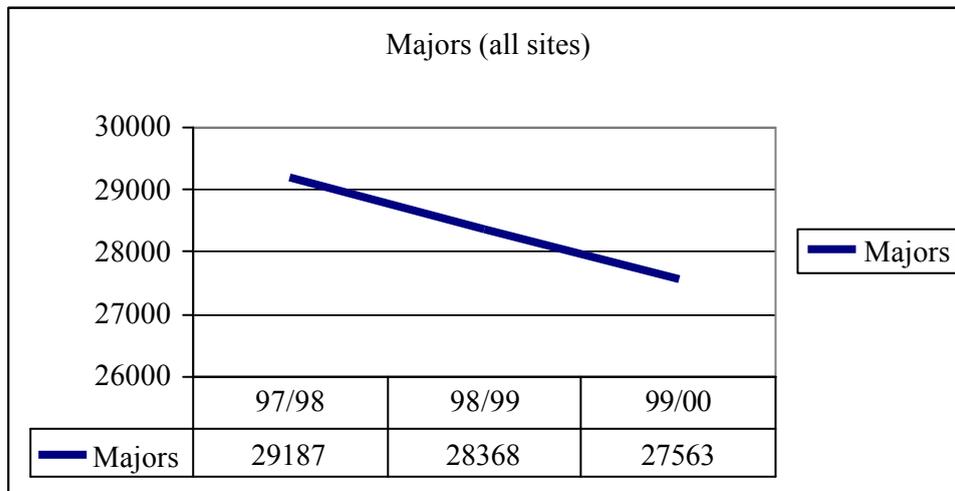
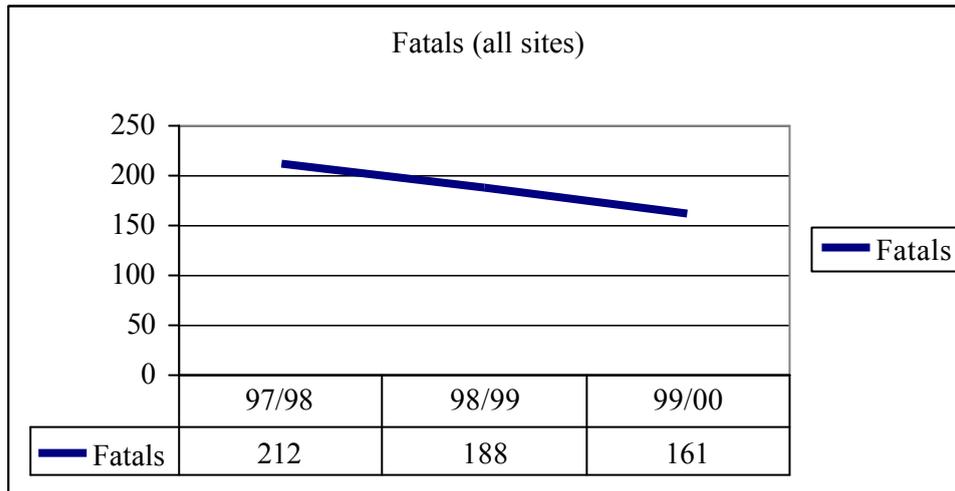
It is important to note the following points (provided by HSE Benchmarking and Operational Intelligence Unit) in relation to the COMAH data.

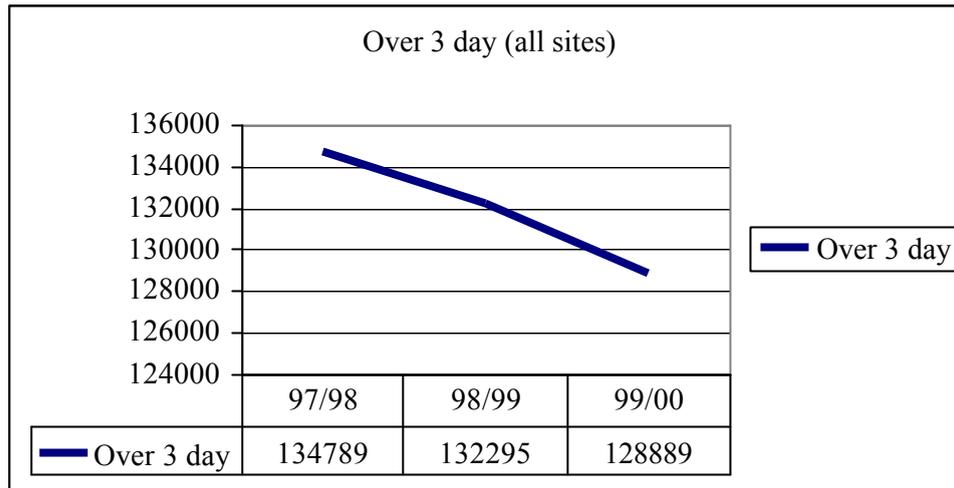
The data for years from 1996 – 2000 is based on FOCUS records and consequently is from a consistent incumbent base. The data for 2000-2001 is a combined picture from both FOCUS and CIS records. This has meant that the incumbent base is not consistent with previous years data and will result in data not being fully comparable with those previous years, the key reasons for this are:

- Not all 1118 sites identified on FOCUS are identifiable on CIS. This is due to number of reasons such as:
  - Data cleansing/de-duplication processes on transfer of data from FOCUS to CIS.
  - Insufficient data from ABC to identify both client and location numbers for CIS
  - Some sites will no longer be in existence for HID due to closure, merger or transfer of enforcement responsibility.
- Enclave sites, accident data from FOCUS for enclave sites will include all accidents reported for the incumbent, whilst enclave site accidents on CIS will only be recorded for the HID part of the incumbent.

### 4.3 Context

It is important to place the above graphs in the context of wider trends in health and safety for similar periods. To this end data was analysed for all areas, not just COMAH for the three years up to and including 1999/2000. Unfortunately no data for 2000/01 for all areas was available at the time of reporting. The three aspects i.e. “Fatals”, “Majors”, and “Over three days” are shown separately because of the differences in scale.





It is clear that there are strong downward trends in each of the three aspects.

#### 4.4 Conclusions

There appears to be a downward trend in terms of the number of over 3-day injuries (down an average of 4.3% per annum) and dangerous occurrences (down an average of 6.7% per annum) for COMAH sites. There has also been a downward trend in terms of non-fatal major injuries (down an average of 9% per annum) for these sites.

The figures for all sites (including COMAH), for three of those years, show similar trends, despite being only very marginally influenced by the COMAH numbers. The conclusion is therefore that it is impossible to relate the improvements in the COMAH site statistics to either COMAH, or more importantly for this review, charging, specifically.

We are surprised that HSE has not ensured that it can easily report trends in core accident and incident statistics in relation to a high-profile new regulatory regime.

## 5. FINDINGS FROM CONSULTATION

### 5.1 Introduction

This section provides consolidated, summarised and interpreted findings from the Consultation Stage. The methodology we followed, and the limitations of it, are explained in more detail in Section 3. The key parties that have provided these findings are dutyholders and the Competent Authority. More detailed results are provided in Appendices 1-2.

We have structured this section to summarise dutyholders and the Competent Authority's answers to the following questions derived from our terms of reference:

- what has been the practical effect of charging on industry's health, safety and environmental policies, practices and compliance performance?
- what has been the effect of charging on the relationship between the Competent Authority as the regulator and industry?
- what has been the effect of charging on the operational behaviour and morale of inspectors?
- what has been the cost to industry and the Competent Authority in complying with and administering the new charging arrangements?
- what has been the effect of charging on the shaping of the Competent Authority's strategic goals and policy approach to developing health and safety regulations?
- what has been the effect of charging on the Competent Authority's regulatory performance?
- has charging resulted in efficiency improvements in the way the Competent Authority carries out its function and has the operation of charging in an open and transparent way resulted in benefits to industry and the regulator?
- what further business improvements could be made to the charging systems?

### 5.2 What has been the practical effect of charging on industry's health, safety and environmental policies, practices and compliance performance?

The majority of dutyholders and inspectors agree that there have been little or no change to Health and Safety and Environment policies, practices and compliance as a direct result of charging. From the survey 88% of respondents said they had not changed their health, safety or environmental policies and 91% said they had not changed their practices.

Most of those that said they have changed policies and practices indicated that they had included additional areas as a result of charging. During questioning it often emerged that these areas appeared more related to COMAH than charging. This

suggests that the actual percentages of those who have not changed policies and practices is likely to be higher than suggested by the survey. Practices that have changed, and which may be partially related to charging include:

- the reduction of inventories to move from top to lower tier;
- greater use of external contractors.

The survey shows that half of those that have changed 'other' business practices reduced inventories (13% of the total sample), while 14% claim to use more contractors. The figure that have reduced inventories is likely to be an understatement of the total figure that reduced inventories as a consequence of the introduction of COMAH as it inevitably excludes all companies who moved out of COMAH altogether (because they would not have been surveyed). The point was made that a reduction in inventories is not necessarily a health and safety benefit as it could mean greater quantities of hazardous materials being transported between sites.

It seems likely that these changes are however only partly ascribable to charging. From our discussions the total business cost of complying with COMAH regulations is made up of the following main elements:

- the cost of internal staff time required to complete and implement a Safety Report/MAPP;
- the cost of paying for the regulator's time;
- the cash cost of consultants brought in to assist with the Safety Report/MAPP.

There was general agreement that the cost of internal staff time is the largest element for most companies, and in particular for top tier sites. The relative size of each element varies between sites, and to some extent this appears to determine the strength of each individual company's response to the effect of charging. The strongest reason for reducing inventories and greater use of contractors is usually to reduce the internal costs of staff time, particularly for top tier sites, in complying with COMAH regulations. However it is likely that charging by the regulator is also a contributory factor.

An effect observed by some inspectors was that some companies have adopted more of a 'right first time' approach to Safety Reports. This effect, again, is likely to be only partly ascribable to charging. 8% of companies surveyed said they take more care to get things right first time.

### **5.3 What has been the effect of charging on the relationship between the Competent Authority and industry?**

The survey responses indicate that prior to charging 77% of industry respondents felt the relationship with HSE was good, and 22% satisfactory. Only one company felt the relationship was poor. Following the introduction of charging, 71% indicated that the relationship has not changed as a result of charging. Of the 29% feeling it had changed, the great majority (94% or 27% of the total survey) felt that it had got worse. The most commonly cited reasons for the perceived deterioration in the

relationship were less involvement of inspectors with dutyholders because of concerns about being charged for additional work. 49% of dutyholders said they now sought less advice from the Competent Authority (58% of top tier respondents). The other most commonly cited reason were problems caused by level and unpredictability of charges.

In addition there was a degree of general dissatisfaction with charging which was seen as damaging to the relationship with HSE. Several companies stated that health and safety in relation to COMAH were now on the agenda at Board meetings – but only for reasons connected with charging. The most commonly cited reasons for dissatisfaction, included:

- disagreement with the principle of charging for health, safety and environmental regulation;
- concern about the cost of charging for regulation in a sector which faces intense international competition;
- the degree of transparency around the number of hours dutyholders are charged for and the level of the hourly rate;
- the clarity of communication in relation to charging;
- inconsistency of application of charges;
- a suspicion that some work is driven by revenue targets.

Discussions with inspectors indicate that many have not noticed a major worsening in the relationship. Most felt that there are definitely differences though, the most commonly noted being:

- charging is high on the agenda – it is nearly always the first point discussed in meetings and phone calls;
- dutyholders have greater expectations of ‘value for money’ from inspectors. The move to hourly charging has, to varying degrees, transformed inspectors into service providers in the minds of operators, and many “expect something” for the bill. Duty holders are consequently more likely to challenge the work of inspectors and their outputs;
- in general, operators have adopted an attitude of only providing the minimum information necessary to inspectors, and will generally only volunteer information if asked directly.

EA and SEPA inspectors seem to have noticed less of a change than HSE inspectors. There are two probable reasons for the difference in views across the different organisations:

- the focus of HSE HID inspector work is on COMAH work, and as such, it is likely that they would notice the effect far more than their colleagues in the EA and SEPA, for whom COMAH is a much smaller element of their work;

- charging is new to HSE whereas EA and SEPA – and its pre-cursor organisations – have operated charging regimes for the last 10 years – albeit not hourly rate driven.

It is interesting to note the difference in perception between industry and inspectors. Most inspectors have not noticed differences in the relationship, while a relatively large portion of operators have. This is likely to be attributable to the fact that on a personal, one to one level, inspectors and operators have continued to work much as before. However when we asked operators about the relationship, they were as likely to respond at an organisational level, not a personal one. It appears that on a personal level the relationship is relatively unaffected, but at an organisational level, and in particular from industry's viewpoint, it has worsened to some degree. One Senior HSE manager felt the relationship had moved significantly along the spectrum from informality towards greater formality and echoed the view of several dutyholders that COMAH was increasingly on Board Room agendas but in terms of charging not health and safety.

In terms of specific elements of the relationship, the clearest change is in the area of less seeking and proffering of advice. 49% of respondents indicated that they are more reluctant to seek advice from HSE, EA or SEPA. Some inspectors confirmed that they had noticed a reduction in the amount of advice requested. In discussions with operators it emerged that they were generally referring to informal advice seeking, usually over the telephone. Most operators spoken to said they would no longer pick up the phone to ask an inspector for their opinion, and felt that this was a direct result of charging. When questioned as to whether they realised that not all advice is chargeable many admitted to being unclear about which was and which was not, and said it was better to 'play safe' and not ask. Others expressed the concern that a non-chargeable phone call might escalate into a chargeable visit. On several occasions we were told that companies had forbidden staff from calling HSE. On the regulator's side, this problem is compounded by the fact that a number of inspectors are unsure about which advice is billable and which not. Some adopt the approach that if it is a COMAH site that is enquiring then the time is billable. The lack of clarity on this issue from both sides is undoubtedly affecting the amount of advice and communication between parties, and is more a question of misunderstanding about charging than charging itself.

On the question of the positive effects of charging on the relationship, many inspectors observed that sites are better prepared for their visits and more professional and businesslike during the visit. They also felt that they themselves were more prepared for visits, and conducted meetings against set objectives, making more efficient use of the time they were on site. Some also felt that charging made them more accountable, and encouraged continuous improvement in work methods and efficiency, in order to demonstrate value for money to duty holders. Some inspectors did point out, though, that some of this behaviour could be due to COMAH, which includes more specific deadlines and requirements than CIMAH. Few dutyholders thought there were any positive effects of charging although a small number did suggest that inspectors were more focused, professional and efficient.

## 5.4 Effect of charging on operational behaviour and morale of inspectors

The survey of dutyholders indicates that 39% of respondents felt that the operational behaviour of inspectors has changed since the introduction of charging. Of these, 17% felt the operational behaviour had improved, while 49% felt it had worsened (19% of the total - same figure for top and lower tier). Those that felt there had been an improvement noted that inspectors are more professional in their approach, and behave like professional consultants. Many of those critical of the behaviour since charging pointed out the embarrassment of inspectors over charging, others felt inspectors spend less time with operators and provide less advice. Clearly embarrassment does not necessarily inhibit operational performance, although it may well detract from the relationship between inspector and operator.

When the effect of charging on operational behaviour was explored further with operators, considerable suspicion emerged that inspectors were working to billing targets, and were therefore partly focused on generating income. Although few felt that this was currently affecting the operational behaviour of inspectors, a number felt that it had the potential to lead to income driven behaviour in the future.

From discussions with inspectors it became clear that many HSE inspectors do have specific billable days targets. This is unsurprising as the Competent Authority has revenue streams from charging which it must plan and budget for. Within HSE at Band 2 level there are a range of targets, one of which is billable days, but at Band 3 level, the operational level, only billable days has penetrated. The target is typically 60-70 days for a fully competent inspector. The billable days targets are often allocated equally amongst teams and team members, with no consideration for specific site or regional differences, making some inspector's targets easier to attain than other's. The target is often formally included in the inspector's performance management system, and is used in appraisals. Some inspectors feel pressurised to increase the number of billable days, with many currently lagging behind budgeted time. This pressure is felt more in the second half of the year when performance figures are released and the magnitude of any under-recovery becomes clear. Although a billable days target is common for inspectors, team leaders seem to have adopted a pragmatic approach, accepting under-recovery from inspectors where there are clear reasons for this. Inspectors noted that much of the current under-recovery stems from targets having been set too high on the assumption that Safety Reports would be higher quality. The consequence of receiving lower quality Safety Reports is that many of these have been rejected early on in the assessment, leading to less time spent reviewing them and consequently less billable time for that period. In connection with this, one EA inspector raised the point that for Integrated Pollution Control there is a pre-application fee which he felt helped to significantly raise the quality of applications.

There was a perception among some inspectors that HSE is giving lower priority to Emergency Planning work with Local Authorities at top-tier sites. Some felt that this might be related to the fact that this aspect of COMAH work was non-chargeable. Other inspectors felt this work was being taken on at more senior levels which were less subject to chargeable-hours targets while others contended that it was a separate policy decision to prioritise accident inspection, Safety Report Assessment and inspection over and above Emergency Planning.

The formal inclusion of billable days targets in performance management systems seems to be less common, but still present, in EA and SEPA. Once again, the difference in approach is likely to be driven by the fact that COMAH work forms a large part of HSE's effort, whereas it is more diluted with other responsibilities, such as Integrated Pollution Control/Integrated Pollution Prevention and Control, in EA and SEPA.

Some of the operators noted that inspectors are less likely to provide advice and guidance and take a general walk around the site since charging was introduced. Some felt that this was because the inspector was uncomfortable with charging and was trying to minimise the final bill, being sensitive to the fact that any information offered not relating specifically to the issues being discussed could be interpreted as an attempt to increase the bill. In the opinion of operators this has resulted in meetings and discussions between operators and inspectors being kept as short as possible, and focused on very specific issues with very little deviation into other, particularly non-COMAH, health and safety areas.

In general it was apparent that many HSE inspectors did not like either the principle or the practicalities of charging. The introduction of charging had not been welcomed and therefore inevitably had something of a negative impact on morale. For many this impact has been slight but for some it was much greater. Over two years since the introduction of charging some HSE inspectors still feel uncomfortable with charging and several said that less confident and less experienced inspectors feel exposed because companies are more likely to question their experience and background.

In general, inspectors agreed that they were far more time conscious since the introduction of charging, and that while they would try and keep meetings focused on COMAH (if that was why they were visiting), they would not specifically avoid non-COMAH discussions. Inspectors do not charge for non-COMAH work, and will agree with operators at the end of a visit how much time should be billed. Many felt that advice offered during inspections and visits had not reduced dramatically. The impact of this on recovery rates is that not all site time is billed, and many said that this fact was leading to under-recovery against the time budgeted for these visits. This is compounded by the discomfort some inspectors feel in relation to billing, leading them to err on the side of not charging. They also observed that under COMAH no familiarisation time is allowed, and any time spent doing this will not be chargeable and add to the extent of under-recovery.

## **5.5 Cost to industry and HSE incurred in complying with and administering the new charging arrangements**

Feedback from industry indicated that the cost involved in administering and complying with the new charging arrangements was minimal (excluding the cost of the regulator's time). Most had to make very few changes to any business systems, as the Competent Authority has generally been treated as simply another creditor. The survey indicates that 78% incurred no additional costs, and that 85% of the remainder incurred costs in the range £0-£2,999. The main issue that was raised related to the difficulty of trying to budget for COMAH charges. This was an important issue for some of the Safety Managers we spoke to as they were often the

cost-centre for bills but at higher levels within companies we gained the impression that this was less of a key issue.

In terms of the regulator, the administrative field-cost is the additional time required by inspectors as a direct result of charging. Other central administrative costs are incurred by HSE's COMAH Charging Team, the Central Finance team in Bootle the Planning, Efficiency and Finance Division (PEFD) in London who are responsible for policy and running the Industry Charging Review Group meetings and finance teams in EA and SEPA. The efficiency of the central administrative processes is the subject of a separate strand of work (see Section 2). Most inspectors felt that under normal circumstances the additional administrative time required was relatively small, and not material. There were some differences between the three elements of the Competent Authority, driven largely by the different information systems in use in each. Differences also exist within HSE, with FOD inspectors having to use the FOCUS system for FOD work, and a manual system for HID COMAH work. In general though, most inspectors spoken to do not feel that they spend significantly more time recording time since the introduction of charging.

The one exception to this observation is in relation to the queries and disputes procedure. Although few inspectors have been involved in high-level disputes to date, those that have indicated that the time required could be substantial, amounting to weeks of full-time effort in major cases. Along with the inspector time, significant effort is involved from administrative and senior staff, making the total cost for individual disputes that escalate to level 3 and above very high. It is worth noting that this cost is clearly spread over the total time spent on COMAH work, and as such may not be excessive on a per hour or per site basis as long as the number of disputes remains relatively low. The efficiency and effectiveness of the Queries and Disputes procedure is the subject of another strand of work (see Section 2).

## **5.6 Effect of charging on the Competent Authority's strategic goals and policy approach**

Senior management and policy staff from each of the three elements of the Competent Authority felt that charging had had no impact on the way in which policies and guidelines are developed by each element of the Competent Authority. They felt strongly that policies and guidelines are developed in light of health, safety and environmental concerns, and independently of any considerations related to charging. It was pointed out that it is a Finance Division within HSE – rather than a Policy Division - which has decided which aspects of COMAH are chargeable and which are not. However it was suggested that because COMAH charging has become a high-profile and contentious issue it has probably had two indirect effects on policy formulation:

- slowing down and complicating the regular consultation processes with industry connected with the process of implementing new regulations;
- tying-up significant amounts of senior management time.

## **5.7 Effect of charging on the Competent Authority's regulatory performance**

As explained in Section 4 we have not been able to assess, through data-analysis, whether charging has had any effect on the regulatory performance of the Competent Authority as shown by the outcomes of health and safety work. However what we have been able to do is to seek the views of inspectors who are in the front line of regulation and should be well-placed to make such an assessment.

Inspectors in HSE, and to a lesser degree EA and SEPA, have given COMAH work distinct priority. We understand that there are explicit instructions to focus on accident investigation (COMAH and non-COMAH), Safety Report assessment and COMAH inspections. However we have been told that this focus reflects much broader regulator policy rather than being related to the advent of charging. On the whole, charging and the use of billable-days targets to manage inspectors will support this policy, since charging is linked to COMAH activity, and COMAH is the work priority. Inspectors point out though, that charging and improving health and safety are not always aligned, in the broader sense of regulator duties, and that decisions influenced by considerations of chargeable time may not always be in the best interests of health, safety and the environment. Inspectors are sometimes finding themselves in situations where there is a choice to be made between two activities, one of which is chargeable. If they are behind in targets, and under pressure to increase chargeable time, the incentive is clearly to choose the chargeable activity. Some mentioned cases of having to justify strongly why they had chosen a non-chargeable activity, which they felt to be genuinely more of a health and safety risk, over a chargeable one.

While this was not common feedback, it indicates that charging, and/or the current management of charging, has created an environment in which this behaviour is possible, and that this could negatively affect the overall objectives of HSE, EA and SEPA in areas outside COMAH.

From industry's point of view, it is possible, and perhaps even likely, that this policy drive is being interpreted as a drive to raise funding, because COMAH and charging have become almost inextricably intertwined from industry's point of view. One dutyholder interviewed felt strongly that unnecessary visits were being paid to the company in order to increase charges. When this was discussed with inspectors, some alluded to the fact that where there were relatively high numbers of HID staff, and relatively low numbers of COMAH sites, inspectors might try to improve performance against targets by performing more work than they might otherwise undertake. Some felt this was the case in the first year particularly, where under-recoveries were very significant, but also noted that recoveries this year were also below targets.

## **5.8 Has charging led to efficiency improvements for the Competent Authority and has greater transparency resulted in benefits to industry and the regulator?**

In terms of the efficiency of the Competent Authority, 67% of question respondents felt that the efficiency had remained the same, 8% felt efficiency had improved, 21% felt it had got worse, and 4% felt it had got substantially worse. Of those who felt it had improved the main reason cited related to more focused inspections and reports.

Of those feeling it had worsened, the two prime reasons cited relate to the fact that inspectors now have to spend more time on the bureaucracy associated with charging - such as timesheets and records for billing - and that the regulator appears to be understaffed and unable to fulfil its duties pertaining to COMAH.

In contrast many HSE inspectors felt that the one positive effect of charging was to have made their work more focused, more transparent and more efficient. They pointed out that the completion of timesheets was not new and that they used to complete timesheets and records under CIMAH. The chief difference was that operators were previously unaware of this activity because there was no billing. As discussed in 5.5 above, the additional time and effort required by inspectors to comply with COMAH is generally not substantial, and it is therefore unlikely that this is having a significant impact on the efficiency of the Competent Authority. However, EA highlighted problems with their information capture systems that are currently impeding efficiency. Many of its inspectors mentioned that the current system's site identifiers do not work, but said that this was currently being addressed. Resourcing of COMAH work does appear to be an issue although inspectors felt that charging is only a slight contributory factor to this problem. Some inspectors felt that since the introduction of charging it is harder to fill vacancies in HID, with potential employees being put off by having to operate under a charging regime.

Charging undoubtedly brings the costs – and therefore the process - of regulation into the spotlight. The time spent on different activities becomes more transparent. Two issues raised by many operators relating to greater transparency is the inconsistent application of regulation and the inconsistent treatment of which activities are chargeable and which are not. Both issues are particularly evident for operators who operate multiple sites and have the ability to compare regulation between different sites, which may be located in different regions. Inspectors agreed that there was some inconsistency, and noted that account managers had been appointed by HSE to address this and other issues related to the need for greater consistency. It can be expected that consistency will improve as the regulator and the regulated gain more experience in the application of COMAH and charging, and that this issue could be expected to diminish in significance in the future. One area of inconsistency that is specific to EA and the SEPA is dealing with the close relationship between the regulation of COMAH and the regulation of Integrated Pollution Control. There is significant overlap in terms of responsibilities and activities, and this is leading to inconsistent charging in some cases. Some inspectors consider a particular activity to be covered by charges under Integrated Pollution Control and will therefore not bill for the time under COMAH, while others will not.

There is also an issue around the level of co-ordination between the different elements of the Competent Authority. Some operators felt that co-ordination between HSE and the EA/SEPA should be improved. A number of interviewees mentioned examples where it was clear that the members of the joint authority were clearly unaware of each other's activities. When this matter was discussed with inspectors, some EA and one SEPA inspector agreed, while HSE inspectors did not feel it was an issue of concern. This difference in opinion between elements of the Competent Authority could be ascribed to the fact that HSE carries out the great majority of COMAH work, and may be less likely to notice co-ordination problems. EA and SEPA rely more heavily on receiving information from HSE and would be

more aware of any issues and concerns. Of course it should also be noted that any additional costs of, for example, having to arrange the same people to be present to host separate but connected visits, by different elements of the regulator, are borne by operators (both in terms of internal costs and external charges).

## 5.9 Suggested improvements to the charging system

*It should be noted that the suggestions listed in this section are those arising from the Consultation Stage and are not the recommendations of Deloitte & Touche.*

By far the most common improvement suggested by industry and inspectors was to implement some form of flat-rate charging system. The survey showed 70% of respondents were unhappy with the current actuals system of charging. Of those who indicated preferred alternatives, 62% indicated they would like the introduction of a banded charge and 17% the introduction of a flat rate. It was interesting that in the dutyholder representative workshop many participants - who had given the issue considerable thought - were less enthusiastic about a change in scheme and pointed out that there would be disadvantages with each alternative being mooted. Almost all inspectors spoken to, from all three elements of the Competent Authority, indicated they would prefer some form of banded or flat-rate charges.

One suggestion, developed by a group of inspectors in a workshop as part of this review, was the introduction of a formula for calculating fixed assessment charges for Safety Reports, based on their complexity, combined with a single actual rate for investigation and inspection time incurred on-site only. It was recognised that this rate would have to rise to ensure it still covered off-site work. Benefits would include greater predictability for industry, more transparency and incentives for inspectors to spend more time on-site. Inspectors argued this would meet one of the objectives of COMAH – namely spending greater time on-site. One pitfall of this approach, compared with actuals, is that it would not reward good Safety Reports with lower fees.

From industry's point of view, the most common reason for wanting a move to a flat-rate charge was to make business planning easier. Operators find that the actuals system makes budgeting and planning very difficult and clearly a flat-rate scheme would remove this problem. Although the amounts billed to operators are often relatively low in terms of their total turnover – or profit - it can be a relatively high proportion of an individual's cost centre budget. This individual was in many cases the person consulted, and it is likely that for them this is a substantial issue. The other reason often cited in favour of a flat-rate scheme is that it would encourage more open dialogue between regulator and regulated, which many feel is overall more beneficial to health, safety and environment objectives.

For inspectors, the main benefit of moving to a fixed rate scheme was felt to be the improvement in relationship that would result. As discussed earlier, many inspectors are uncomfortable with charging, in principle and in practice, and feel that it adds unnecessary complication to their relationship with industry. As with industry, many feel that greater dialogue between industry and regulator would improve with the implementation of a fixed rate scheme. They argued that a flat-rate charge would remove targets for chargeable days, and allow inspectors to prioritise effort based on

health, safety and environmental grounds, with no destabilising effects from charging.

It should be noted that on the likely assumption that any new charging scheme had to continue to comply with Treasury full-cost recovery principles the following drawbacks – from operators’ perspective – would arise:

- total revenue from charges would have to rise if more inspector time was to be spent engaging in dialogue and/or dispensing advice;
- although a flat-rate or banded scheme would lead to falls in costs for some dutyholders it would inevitably lead to off-setting rises for others;
- charging dutyholders every year may lead to expectations of work being carried out – these expectations could not be met with current resources or income levels.

If the current actuals method of charging remains in place a fairly common view from industry and inspectors was that more effort should be made to assist companies estimate expenditure. As discussed above, this is one of the major concerns industry has about hourly charging, and many felt that it should be possible to provide industry with better estimates than those in the charging guidance. This is particularly true now that there is a better understanding of effort required, with more than two years of experience on which to call.

Other commonly expressed views were that charge-out rates were excessive and did not represent value for money. This concern is being addressed in our strand of work looking at the reasonableness of charges (see Section 2).

HSE inspectors often raised the issue of needing better guidance for inspectors of how to charge. This relates directly to the point in 5.3 which highlighted the confusion that exists over which activities are chargeable and which not. This point was not raised by EA inspectors, but was by some SEPA inspectors. Inspectors felt the guidance should extend beyond which advice is chargeable and which not into which activities were chargeable and which were not. In many cases inspectors are having to apply judgement in deciding whether or not an activity should be chargeable, and this is leading to inconsistency. Several felt that better guidance needs to be accompanied by better internal and external communication (for example unit briefings), more feedback and more training. Another common suggestion was setting up forums for inspectors to discuss approaches to charging with the objective of improving consistency. Of course there would be an opportunity cost attached to all of these activities.

Some inspectors suggested that the current queries and disputes procedure needed improvement. They felt there was insufficient disincentive for industry to appeal and that this led to many frivolous disputes aimed more at delaying payment than resolving any genuine issues. One improvement, suggested on several occasions, included making unsuccessful appellants pay costs.

Other suggested improvements included:

- greater synchronisation of HSE annual planning to fit with industry;

- common data-entry systems for FOD and, at least, HID inspectors;

Further suggestions of improvements are included in Appendix 3.

## 6. SUGGESTED NEXT STEPS

We are part way through a programme of four reviews and associated work-strands. Consequently it would be premature to develop anything other than suggested next steps at this time. Our suggestions are as follows:

- to undertake the detailed planning for Gas Transportation, Railways and Offshore taking on board the following lessons learned from the review of COMAH:
  - roll-out the postal survey to each of the other reviews to enable results to be compared across regimes;
  - adopt the same process of consulting dutyholders through a survey, followed by telephone interviews followed by a workshop with nominees from representative groups;
  - limiting discussions with unions to a small number of representative spokespeople;
  - establishing what data analysis might add value to the review and checking if HSE have this available at a much earlier stage in each review;
  - considering the benefits of constructing a follow-up questionnaire for inspectors to make reporting on the views of staff more statistically robust;
  - considering the benefits of conducting any EU benchmarking to meet dutyholder concerns about the impact of charging on competitiveness.
- reviewing relevant documents, and speaking to a representative from DTRL, to better understand the political context for the introduction of charging;
- to consolidate all findings from all strands of work into a single consolidated report once all four reviews are complete and prior to the Strategic Planning stage. This Consolidated Report should include a section on recommendations.

## 7. APPENDIX ONE: GLOSSARY OF TERMS

ABC	Lotus Approach Database - COMAH
CIMAH	Control of Industrial Major Accident Hazards
CIS	Common Information System
COMAH	Control of Major Accident Hazards Regulations 1999
EA	Environment Agency
FOCUS	Field Operations Computer System
FOD	Field Operations Directorate (HSE)
HID	Hazardous Installations Directorate
HSC	Health and Safety Commission
HSE	Health and Safety Executive
MAPP	Major Accident Prevention Policy
SEPA	Scottish Environment Protections Agency

## 8. APPENDIX TWO: SUMMARY OF RESPONSES TO QUESTIONNAIRE

109 companies completed the questionnaire in time for their responses to be incorporated within our analysis. An anonymised summary of results is provided below:

### A. Background Information

	Total No.	Total %	Chem. Man. No.	Chem %	Top Tier No.	Top Tier %
4 What type of establishment do you operate?						
a Top tier only (top tier establishments need to prepare a safety report for HSE approval)	61	56%	34	64%	61	100%
b Lower tier only (lower tier establishments do not need to prepare a safety report for HSE approval)	36	33%	17	32%	-	-
c Both top and lower tier establishment	12	11%	2	4%	-	-
<i>Total responses</i>	109	100%	53	100%	61	100%
5 Number of employees in organisation (please classify each part-time worker as one employee)						
a 0-49	21	19%	7	14%	10	16%
b 50-249	39	36%	23	43%	25	41%
c over 250	49	45%	23	43%	26	43%
<i>Total responses</i>	109	100%	53	100%	61	100%
6 Type of Industry						
a Chemicals manufacturing	53		53	100%	34	
b Fertiliser manufacture and storage	3				2	
c Explosives	3				2	
d Oil Refining and other Fuel	7				3	
e Pharmaceuticals	3				1	
f Gas Distribution	3				1	
g LPG Storage and/or Distribution	7				1	
h Other Storage	9				6	
i Other (please specify)	21				11	
<i>Total responses</i>	109		53	100%	61	
7 How many separate visits from COMAH inspectors (HSE or EA/SEPA) relating to enforcement of COMAH regulations have you had over the last two years? (EA=Environment Agency, SEPA = Scottish Environment Protection Agency)						
a 1-3	46	43%				
b 4-9	39	37%				
c 10-20	13	12%				
d More than 20	8	8%				
<i>Total responses</i>	106	100%				

**B. This section explores the effect of the introduction of charging on your relationship with COMAH regulators**

8 Before the introduction of charging, would you describe your relationship with HSE as:

a Good	84	77%	43	81%	46	75%
b Satisfactory	24	22%	9	17%	14	23%
c Poor	1	1%	1	2%	1	2%
<i>Total responses</i>	<i>109</i>	<i>100%</i>	<i>53</i>	<i>100%</i>	<i>61</i>	<i>100%</i>

9 On balance, has your relationship with the HSE changed since the introduction of charging?

a Yes	31	29%	16	31%	14	23%
b No	75	71%	36	69%	45	77%
<i>Total responses</i>	<i>106</i>	<i>100%</i>	<i>52</i>	<i>100%</i>	<i>59</i>	<i>100%</i>

If yes, how has the relationship changed?

a Got much better	-	0%	-	0%	-	0%
b Got better	2	6%	2	13%	1	11%
c Got worse	27	88%	13	81%	7	88%
d Got much worse	2	6%	1	6%	1	11%
<i>Total responses</i>	<i>31</i>	<i>100%</i>	<i>16</i>	<i>100%</i>	<i>9</i>	<i>100%</i>

10 If you have answered that it has **got worse** can you say how this has been shown and what have been the causes?

29 responses: <ul style="list-style-type: none"> <li>Reluctance to involve inspectors in work that may result in any further time commitment, as customers do not want to be charged for it. Can work both ways, as inspectors also seem to be more time conscious, and do not fully explore problems/solutions. (16)</li> <li>Lack of transparency as to how charges are reached. Poor consistency of approach to number/type of inspections between different inspectors and for different sites. (5)</li> <li>Less contact with busier inspectors. (2)</li> <li>Inspectors are too specialised to provide broad advice. (2)</li> <li>General dissatisfaction with communication/ inspections/ inflexible attitudes/ enforcement notices (ie: not directly related to charging). (4)</li> </ul>						
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11 Please list up to **three negative effects** of charging on your relationship with HSE?

Common responses: <ul style="list-style-type: none"> <li>Briefer, more formal, less thorough contacts to save costs</li> <li>Less likely to initiate contact/seek advice</li> <li>Unpredictability of charges affects business planning</li> <li>Management time required and embarrassment caused by invoice queries</li> <li>Inspectors seem to be embarrassed by charging</li> <li>Need to differentiate between chargeable/non-chargeable activities</li> <li>Perception that unnecessary contacts are imposed by HSE to generate more revenue, and that more inspectors are involved than necessary</li> <li>Charges, and pre-occupation with meeting them, divert attention from real issues</li> </ul>						
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12 Please list up to **three positive effects** of charging on your relationship with HSE?

Common responses: <ul style="list-style-type: none"> <li>Contacts are more focussed/ better advanced planning</li> </ul>						
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<ul style="list-style-type: none"> <li>Better access to inspectors and specialists</li> <li>Easier to see how time is accounted for</li> <li>Raises the profile of COMAH compliance</li> <li>No positive effects!</li> </ul>						
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13 Assuming that charging continues, are there any changes which would improve your relationship with HSE?

72 responses, including: <ul style="list-style-type: none"> <li>Annual fixed fee, or up-front estimate (24)</li> <li>Better breakdown of HSE's costs, to accompany invoice (20)</li> <li>Lower the rates of charge, or review rationale of charging – including providing some advice for no charge (19)</li> <li>Provide better quality service, eg better advice, better inspectors, better management (7)</li> </ul>						
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14 Any other comments?

30 additional comments made, including: <ul style="list-style-type: none"> <li>Fees are too high</li> <li>Not getting value for money</li> <li>Is the component charging system still going ahead?</li> <li>HSE seems to be embarrassed by having to charge</li> <li>COMAH charging has had little impact on those already paying charges to EA and HSE</li> <li>Another tax on industry</li> <li>Also have to bear charges from emergency services etc</li> <li>EA is worse than HSE on transparency of charging regime</li> <li>Should forecast annual charge, so that can be linked in to budget process</li> <li>“Charging is at odds with stated Govt intention of reducing regulatory burden on industry ..... will drive companies abroad where charging does not apply and legislation is not so stringently enforced”</li> <li>“Any communication with HSE is valuable. I would like companies who are operation under the spirit of HSE regs to be looked upon as partners and not always as possible prosecutions. More companies will work with a Partner”</li> </ul>						
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**C. This section explores the effect of the introduction of charging on the operational behaviour of inspectors**

15 Have you noticed changes in the operational behaviour of inspectors since charging was introduced?

a No	67	61%	32	60%	40	65%
b Yes, there have been <b>changes</b>	40	37%	19	36%	20	33%
c Yes, there have been <b>extensive changes</b>	2	2%	2	4%	1	2%
<i>Total responses</i>	<i>109</i>	<i>100%</i>	<i>53</i>	<i>100%</i>	<i>61</i>	<i>100%</i>

16 Has the result of these changes on operational behaviour overall been:

a <b>better</b> operational behaviour?	7	17%	2	10%	3	14%
b <b>no change</b> on operational behaviour?	14	34%	6	29%	7	33%
c <b>worse</b> operational behaviour?	20	49%	13	61%	11	53%
<i>Total responses</i>	<i>41</i>	<i>100%</i>	<i>21</i>	<i>100%</i>	<i>21</i>	<i>100%</i>

17 Please describe the main changes you have observed:

38 responses, including:						
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<ul style="list-style-type: none"> <li>uncomfortable, embarrassed, apologetic inspectors (11)</li> <li>visits are more focussed and to the point – negative connotation (6)</li> <li>visits are more focussed and to the point – positive connotation (5)</li> <li>more visits per year, or more inspectors involved (4)</li> <li>less visits per year (1)</li> </ul>						
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18 Any other comments?

<p>14 responses, including:</p> <ul style="list-style-type: none"> <li>sense of embarrassment/lack of support by inspectors over principle of charging (3)</li> <li>experienced inspectors are better at maintaining relationships (1)</li> <li>trust and respect for HSE inspectors prior to charging has allowed charging to work (1)</li> <li>“the breadth and depth of knowledge demonstrated by the subject experts has been disappointing. As a top tier site with good technical resources available, we have the feeling that inspections are training opportunities for the specialists, and we get charged for it!” (1)</li> <li>“overall our observation is a worsening of operational behaviour which may be due to the CA formal duty under COMAH legislation to prohibit operation which has led to excessive questioning with repeats for clarification on minor details and the attendance at meetings of excessive numbers of inspectors.” (1)</li> <li>“lack of clarity throughout about what a COMAH demonstration entails, and in particular how to demonstrate ALARP. There is much guidance, but still no-one seems to be able to say what is acceptable. The risks have not changed from our operations, but there is now endless challenge at the minute detail level.” (1)</li> </ul>						
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**D. This section explores the effect of the introduction of charging on your health & safety, and environmental policies and practices.**

19 Have you changed your **health and safety policies / environmental policies** as a result of the introduction of charging? (Charging was introduced from 1 April 1999).

a No, there was no need	90	83%	46	87%	56	92%
b No, other reason	6	5%	2	4%	2	3%
Reasons given in 7 responses:						
<ul style="list-style-type: none"> <li>H&amp;S policy changed for BS GN 18001 type of system (1)</li> <li>logical development based on regulatory changes and greater duties due to COMAH (1)</li> <li>policy to manage major hazards has+D224 been developed in line with the additional COMAH requirements to keep pace with legislation and current business practices (1)</li> <li>revision of HSE policies to meet new requirements of COMAH regulations (1)</li> <li>integration into parent company (1)</li> <li>normal development/updating of policies (2)</li> </ul>						
c Yes, they have <b>changed</b>	12	11%	5	9%	3	5%
d Yes, they have <b>changed substantially</b>	1	1%	-	0%	0	0%
<i>Total responses</i>	<i>109</i>	<i>100%</i>	<i>53</i>	<i>100%</i>	<i>61</i>	<i>100%</i>

Scope of change

a Our health and safety policies now <b>include additional areas</b> that were previously excluded	8	67%			-	-
b Our health and safety policies <b>cover the same areas</b> as before	4	33%			-	-
c Our health and safety policies now <b>exclude areas</b> that were	0	0%			-	-

previously covered						
<i>Total responses</i>	12	100%				

Monitoring

a Our health and safety policies are reviewed <b>more often</b>	6	50%				
b Our health and safety policies are reviewed <b>as much as before</b>	6	50%				
c Our health and safety policies are reviewed <b>less often</b>	0	0%				
<i>Total responses</i>	12	100%				

Expertise

a We require <b>more</b> technical skill/expert knowledge to draft and review our health and safety policies	5	42%				
b We require <b>the same level</b> of technical skill/expert knowledge to draft and review our health and safety policies	7	58%				
c We require <b>less</b> technical skill/expert knowledge to draft and review our health and safety policies	0	0%				
<i>Total responses</i>	12	12				

Quality

a This has resulted in an <b>improvement</b> of the quality of health and safety policies	7	58%				
b This has had <b>no impact</b> on the quality of health and safety policies	5	42%				
c This has resulted in a <b>deterioration</b> of the quality of health and safety policies	0	0%				
<i>Total responses</i>	12	100%				

20 Any other comments?

6 additional comments made, including: <ul style="list-style-type: none"> <li>changes made to policies may be as a result of COMAH requirements or internal factors, but are not related to charging (5)</li> </ul>						
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21 Have you changed your **health and safety practices / environmental practices** as a result of the introduction of charging?

a No, there was no need	90	84%	45	85%	55	90%
b No, other reason	7	7%	4	8%	4	7%
c Yes, they have changed	9	8%	3	5%	2	3%
d Yes, they have changed substantially	1	1%	1	2%	-	-
<i>Total responses</i>	107	100%	53	100%	61	100%

Scope of change

a Our health and safety practices <b>include additional areas</b> that were previously excluded	6	67%				
b Our health and safety practices <b>cover the same areas</b> as before	3	33%				
c Our health and safety practices <b>exclude areas</b> that were previously covered	0	0%				
<i>Total responses</i>	9	100%				

Monitoring

a We spend <b>more time</b> monitoring our health and safety practices	4	44%				
b We spend the <b>same</b> amount of time monitoring our health and safety practices	5	56%				
c We spend <b>less time</b> monitoring our health and safety practices	0	0%				
<i>Total responses</i>	9	100%				

Expertise

a We require <b>more technical skills/ expert knowledge</b> to ensure that our health and safety practices are adhered to	4	44.5%				
b We require the <b>same level of technical skills/ expert knowledge</b> to ensure that our health and safety practices are	4	44.5%				

adhered to						
c We require <b>less technical skills/expert knowledge</b> to ensure that our health and safety practices are adhered to	1	1%				
<i>Total responses</i>	9	100%				

Training

a We require <b>more</b> training to ensure that our health and safety practices are adhered to	7	78%				
b We require the <b>same level</b> of training to ensure that our health and safety practices are adhered to	2	22%				
c We require <b>less</b> training to ensure that our health and safety practices are adhered to	0	0%				
<i>Total responses</i>	9	100%				

Quality

a This has resulted in an <b>improvement</b> in the quality of health and safety practices	4	50%				
b This has had <b>no impact</b> on the quality of health and safety practices	4	50%				
c This has resulted in a <b>deterioration</b> in the quality of health and safety practices	0	0%				
<i>Total responses</i>	8	100%				

22 Any other comments?

8 additional comments made, including:						
<ul style="list-style-type: none"> <li>internal changes/new management (3)</li> <li>new duties under COMAH/required improvements in COMAH report (4)</li> <li>“we tend to ensure that there is a central EH&amp;S professional on site when a charged visit occurs - simply because most of the COMAH workload is handled centrally. We also send central EH&amp;S person (with site staff) to domino meetings” (1)</li> </ul>						

**E. Change in Advice Seeking and Business Practices**

23 Frequency of advice seeking

a We now seek <b>more</b> advice from HSE/EA/SEPA	10	9%	5	10%	5	8%
b We seek the <b>same</b> amount of advice from HSE/EA/SEPA	46	42%	24	45%	21	34%
c We are <b>more reluctant</b> to seek advice from HSE/EA/SEPA	53	49%	24	45%	35	58%
<i>Total responses</i>	109	100%	53	100%	61	100%

Value placed on advice received

a We place <b>greater</b> value on the advice we receive from HSE/EA/SEPA	9	8%	5	9%	7	12%
b We place the <b>same</b> value on the advice we receive from HSE/EA/SEPA	93	85%	43	81%	48	78%
c We place <b>less</b> value on the advice we receive from HSE/EA/SEPA	7	7%	5	10%	6	10%
<i>Total responses</i>	109	100%	53	100%	61	100%

24 Has your use of Contractors changed due to the introduction of charging?

a No, we do not use contractors	13	12%	4	7%	8	13%
b No, there is no need	84	77%	44	83%	47	77%
c Yes	12	11%	5	10%	6	10%
<i>Total responses</i>	109	100%	53	100%	61	100%

Examples of Change

We use contractors more for the same services

Yes	4	50%			-		
No	4	50%			-		
We use contractors for a greater range of activities							
Yes	11	100%			-		
No	0	0%			-		
We use contractors less for the same activities							
Yes	0	0%			-		
No	4	100%			-		
We use contractors for a smaller range of activities							
Yes	0	0%			-		
No	4	100%			-		

25 If your use of contractors has changed, please explain why:

13 responses, including:							
<ul style="list-style-type: none"> <li>• COMAH requires more specialist advice (3)</li> <li>• greater reliance on getting it right first time/developing solutions before HSE involvement (2)</li> <li>• lower, or prior knowledge of, charges than when using HSE/EA/SEPA advice (2)</li> <li>• lack of in-house expertise/assistance with new activity (3)</li> <li>• assistance with work previously undertaken in-house (1)</li> </ul>							

26 Have you changed any **other business practices** as a result of the introduction of charging?

a No, there was no need	75	71%	39	75%	48	80%
b Yes, they have changed	25	24%	10	19%	10	17%
c Yes, they have changed substantially	5	5%	3	6%	2	3%
<i>Total responses</i>	105	100%	52	100%	60	100%

Examples of change

Our business now discourages innovative practice which might incur additional time and therefore cost

Yes	7	47%				
No	8	53%				

Our business now does the minimum necessary

Yes	5	31%				
No	11	69%				

Our business now takes more care to ensure we get things right first time

Yes	9	50%				
No	9	50%				

Our business has reduced inventories of hazardous materials to take us below the top tier threshold or to take us out of COMAH altogether.

Yes	14	63%				
No	8	37%				

27 Any other comments?

25 additional comments made, including:						
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<ul style="list-style-type: none"> <li>restricting developments that would increase COMAH risk or taking steps to remove COMAH risk in the future, eg by reducing inventory, improving stock management (6)</li> <li>incorporating COMAH charges into budgeting (3)</li> <li>COMAH charges having significant impact on business (4)</li> <li>“companies are generally under greater fixed cost pressure and therefore profits can be lower. As a result some companies could then consider manufacture outside of the UK” (1)</li> <li>“there is a general principal, which is that when VALUE is taken from a business then a business will re-evaluate the need for its activities particularly when significant VALUE is taken. This has manifested itself in that more pressure has been placed on the transport of the dangerous goods due to limited inventories held at storage installations.” (1)</li> <li>“relationships with external bodies such as CIA (Chemical Industries Association) also deteriorated – they were supposed to be defending us from costs, but have not.” (1)</li> <li>“which is worse one COMAH site or 10 non-COMAH sites spread throughout a county? To avoid costs?!” (1)</li> <li>“we rarely supply lunch at the end of a mornings inspection” (1)</li> </ul>						
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**F. This section explores whether there are any additional costs to industry of making payments under the charging provision of COMAH**

28 Have you needed to introduce additional administrative arrangements to allow you to make the payments under the charging provisions of COMAH (regulation 22)? For example: new accounting/information management systems; additional staff. (Please do not include additional costs of complying with the substantive provisions of the COMAH regulations).

a No, there was no need	83	78%	42	79%	50	83%
b No, other reason	1	1%	-	0%	-	-
c Yes, please provide a description of additional arrangements introduced	23	21%	11	21%	10	17%
<i>Total responses</i>	<i>107</i>	<i>100%</i>	<i>53</i>	<i>100%</i>	<i>60</i>	<i>100%</i>

22 responses that additional arrangements have been introduced, all along the lines of:	
<ul style="list-style-type: none"> <li>more time and resources for accounting – budgeting, checking invoices, reconciling with timesheets, approval for funding etc</li> </ul>	

29 Please estimate the additional start-up costs of these new arrangements (£)

£0-£2,999	17					
£3,000-£10,000	1					
£10,000-£20,000	2					
<i>Total responses</i>	<i>20</i>					

30 Please estimate the annual running costs of these new arrangements (£)

£0-£2,999	11					
£3,000-£10,000	3					
£10,000-£20,000	1					
<i>Total responses</i>	<i>15</i>					

31 Are these arrangements effective in enabling you to make payment under the charging provisions in the COMAH regulations?

a Yes	13					
b Variable success	7					
c No	3					

	<i>Total responses</i>	23					
32 With the benefit of hindsight, would you do anything differently?							
Yes		8					
No		13					
Y/ N/ Please explain answer:							
11 responses, including:							
<ul style="list-style-type: none"> <li>• better budgetary provision to cover COMAH charging (5)</li> <li>• move to below thresholds where possible (1)</li> <li>• “IT tracking and written guidance for those affected” (1)</li> <li>• campaign to prevent introduction of charging (1)</li> <li>• “be more uncooperative, complain more” (1)</li> </ul>							
33 Any other comments?							
5 additional comments, including:							
<ul style="list-style-type: none"> <li>• “the whole point is that accurate budgeting is virtually impossible when significant costs can be imposed under statute, with no opportunity for agreement.”</li> <li>• “as usual, despite being told the matter is being revised, we are and have been paying a lot of money to the HSE.”</li> <li>• “there is a tendency (EA in particular) for payment requests to be addressed to the Company (as opposed to an individual within the Company). This can cause problems in payments being progressed and leads to wasted time.”</li> </ul>							

**G. This section explores the effect that the introduction of charging has had on the efficiency of HSE/EA/SEPA in carrying out their functions and whether this has resulted in benefits to industry**

34 Have you noticed any changes in the **amount of information and advice** which you have been given by HSE/EA/SEPA since charging was introduced?

a	No, it has remained <b>the same</b>	79	73%	40	76%	45	74%
b	Yes, I have noticed a <b>substantial increase</b> in the amount of information we receive	2	2%	2	4%	1	2%
c	Yes, I have noticed an <b>increase</b> in the amount of information we receive	12	11%	4	7%	7	11%
d	Yes, I have noticed a <b>decrease</b> in the amount of information we receive	12	11%	4	7%	6	10%
e	Yes, I have noticed a <b>substantial decrease</b> in the amount of information we receive	3	3%	3	6%	2	3%
<i>Total responses</i>		108	100%	53	100%	61	100%

35 Have you seen any changes in the **quality of information** which you have been given by HSE/EA/SEPA since charging was introduced?

a	No, it has remained the <b>same</b>	88	81%	42	79%	49	80%
b	Yes, I have noticed a <b>substantial improvement</b> in the quality of information we receive	1	1%	1	2	-	-
c	Yes, I have noticed an <b>improvement</b> in the quality of information we receive	8	8%	3	6	4	7%
d	Yes, I have noticed a <b>decline</b> in the quality of information we receive	10	9%	6	11	7	12%
e	Yes, I have noticed a <b>substantial decline</b> in the quality of information we receive	1	1%	1	2	1	1%
<i>Total responses</i>		108	100%	53	100%	61	100%

36 Since the introduction of charging, do you think that the HSE/EA/SEPA is more or less efficient?

a Substantially more efficient	-	0%	-	0%	-	-
b More efficient	9	8%	2	4%	5	8%
c No change	72	67%	39	74%	44	72%
d Less efficient	23	21%	9	17%	10	17%
e Substantially less efficient	4	4%	3	5%	2	3%
<i>Total responses</i>	<i>108</i>	<i>100%</i>	<i>53</i>	<i>100%</i>	<i>61</i>	<i>100%</i>

Please explain your answer

60 responses, including:						
<ul style="list-style-type: none"> <li>time and resources spent on bureaucracy, at the expense of H&amp;S issues (11)</li> <li>no obvious additional benefits for charges paid/paying for something that was previously free (5)</li> <li>not enough inspectors for workload (5)</li> <li>no obvious change in efficiency (14)</li> <li>poor level of contact/infrequent inspections/long waits for reports (4)</li> <li>more focussed inspections/reports – positive connotation (5)</li> <li>more focussed inspections/less likely to request advice – negative connotation (3)</li> <li>lots of guidance on COMAH provided, much of it irrelevant (2)</li> <li>good focus on topics (1)</li> <li>EA less efficient than HSE (1)</li> </ul>						

37 Has charging raised your awareness of what HSE/EA/SEPA inspectors do?

Yes	14	13%	9	17%	7	12%
No	93	87%	43	83%	53	88%

If yes, has this been beneficial for you? Y/N

Please explain your answer below.

Yes	7	50%				
No	7	50%				
15 responses, including:						
<ul style="list-style-type: none"> <li>keener interest taken in inspectors' use of time (4)</li> <li>“as they charge my view has been that they had better provide value - hence we ensure we get value out of them”</li> <li>“it has raised the profile of health &amp; safety to boardroom level for the wrong reasons - costs rather than benefits to the Company's health &amp; safety performance”</li> <li>“we now have a better understanding of the range of inspectors involved in COMAH assessment and the time they put into assessment.”</li> <li>“I see no reason why I would need to know what they do”</li> </ul>						

38 Are there any ways in which inspectors could work more efficiently?

Yes	20	80%				
No	5	20%				

If yes, please describe below.

22 responses, including:						
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<ul style="list-style-type: none"> <li>• reduce workload/increase number of inspectors (2)</li> <li>• promote co-operative working between Enforcing Agencies and companies, and also within and across the different Enforcing Agencies (5)</li> <li>• improve technical expertise/practical experience (2)</li> <li>• improve systems and support/use email/reduce administrative inefficiencies (3)</li> </ul>						
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**H. This section explores your experience of the COMAH charging scheme and how you think it could be improved**

39 Are you broadly content with the existing actuals system of charging?

Yes	32	30%	18	35%	16	27%
No	73	70%	34	65%	43	73%

If no, what alternative scheme would you most wish to see?

a Flat rate charge	11	17%	3	9%	5	12%
b Banded charges	39	62%	22	65%	24	56%
c Levy	3	5%	-	-	2	4%
d Other (please describe) <ul style="list-style-type: none"> <li>• abolish charging (11)</li> <li>• flat-rate based on facility size (1)</li> <li>• flat-rate based on company profit (1)</li> <li>• flat-rate based on risk (3)</li> </ul>	10	16%	9	26%	12	28%
<i>Total responses</i>	63	100%	34	100%	43	100%

Please describe up to **three improvements** you would make to the existing scheme?

Common answers were: <ul style="list-style-type: none"> <li>• abolish charging (9)</li> <li>• reduce hourly rates, or offer discounts (eg: first 90 mins free, lower rate over a certain number of hours, only charge for time spent on-site) (12)</li> <li>• rates should be based on risks, or on successful control/reduction of risk (8)</li> <li>• rates should be based on size of facility/number of people employed (4)</li> <li>• rates should be related to turnover or profit of company (5)</li> <li>• provide annual estimate of fee in advance, or some other forecast for budgeting purposes (12)</li> <li>• set an annual fixed rate – could be charging bands, or similar to Intergrated Pollution Control (11)</li> <li>• improve transparency of charges – more details with invoices (15)</li> <li>• offer free helpline for advice (1)</li> <li>• identify common elements in safety cases for companies with more than one COMAH site to encourage deployment of best practice and reduce overall costs (1)</li> <li>• involve industry in charge-setting (1)</li> </ul>						
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40 Are there any improvements which could be made to the **charging guides** for industry?

Yes	37	36%				
No	65	64%				

If yes, please select as many of the following as you feel apply:

They could be made clearer, in terms of the interpretation of guidance

Yes	28	97%				
No	1	3%				

They could be made more user-friendly in terms of length of the guides

Yes	19	83%				
No	4	17%				

They could be made more user-friendly in terms of format/lay-out of the guides

Yes	19	86%				
No	3	14%				

Other reasons

Other improvements suggested included:						
<ul style="list-style-type: none"> <li>• provide clearer guidance on what is and isn't chargeable (3)</li> <li>• more worked examples (3)</li> <li>• simple plain English (1)</li> <li>• make them industry-specific (1)</li> <li>• better understanding of the guides by inspectors (2)</li> </ul>						

41 Have you used the queries and disputes procedure?

Yes	19	18%	9	18%	10	16%
No	88	92%	42	82%	51	84%

If yes, were you satisfied with the processing of your query or dispute?

a Yes, very satisfied	-	0%	-	0%	-	-
b Yes, reasonably satisfied	12	67%	4	50%	6	67%
c No, not satisfied	6	33%	4	50%	3	33%

*Total responses*

	18	100%	8	100%	9	100%
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42	From your experience how should the query and dispute procedure be improved?					
	<p>Of the 19 respondents who had used the queries and disputes procedure, the following recommendations were made:</p> <ul style="list-style-type: none"> <li>• “in dispute situations, inspectors should be made to prove the COMAH connection - if necessary by producing their day books.”</li> <li>• “time taken for the first panel meeting has been excessive. Large number of HSE financial people involved at high cost. Lack of independent members. Large volumes of documentation should be reduced.”</li> <li>• “prosecution and judge are combined - should be separate”</li> <li>• “quicker response. Separate information on HSE and EA charges. Less pedantic application of rules.”</li> <li>• “there should be an independent arbiter available (independent of HSE/EA/SEPA) from a relevant industry sector who should be involved on the dispute panel also more frequent feedback to the company would be helpful, ie: progress reports etc.”</li> <li>• “more transparency and details on charges with external benchmarking of costs.”</li> <li>• “by not having a charging regime”</li> <li>• “quicker response and better feedback on status.”</li> <li>• “we eventually gave up the dispute because it became clear that the CA ability to charge whatever it wanted could not be effectively challenged. The issue is not the dispute procedure, rather it is that the CA can charge for virtually anything it does on a COMAH asset”</li> <li>• “asked for a break down of charges and was told that they do not offer justification - this latter appeared on invoices some 6 months later.”</li> </ul>					
43.	Please comment on any other areas not covered by the survey.					

<p>Large number of one-off comments. Main themes that emerged on more than one occasion were:</p> <ul style="list-style-type: none"> <li>• concern that questions did not ask about the impact of charging on industry competitiveness or the broader principles of charging;</li> <li>• comments about the adverse impact of charging on profitability and competitiveness and suggestions there should be benchmarking with EU countries;</li> <li>• complaints about the unpredictability of charges;</li> <li>• complaints about the competence of some individual inspectors.</li> </ul>						
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9. APPENDIX THREE: SUMMARY OF ISSUES RAISED DURING INTERVIEWS AND WORKSHOPS

Issues raised - interviews

Majority

Many/Most

Description	Duty holders	Inspectors		
		HSE	EA	SEPA
<b>Changes to policies and practices</b>				
No changes as result of charging specifically.	Majority	Majority	Majority	Majority
Some companies may have adopted more of a right first time approach.		Single		
<b>Costs in administering and complying with charging</b>				
Very few additional cash costs for administering charging regime for company.	Majority			
Time spent by H&S managers on invoices can be substantial.	Few			
<b>Relationship</b>				
Reluctant to seek advice from inspectors - less open communications.	Majority	Single	Single	
Relationship is more strained as a result of charging.		Many	Single	Single
No worsening in relationship.		Some	Majority	Many
<b>Operational behaviour of inspectors</b>				
Inspectors have billing targets - focus is on income.	Some	Many		
No general look around anymore. Inspectors have no familiarisation time under charging.	Few	Few	Some	Single
Visit follow up reports are good.	Few			
Inspectors tend to convert as many visits as possible to COMAH.	Some			
Inspectors visit more to generate income.	Few			
Inspectors more reluctant to offer advice to duty holders.	Some	Some		
Attempt to keep meetings as short as possible.	Some			
Inspectors are uncomfortable about charging.	Some		Single	
Unwritten move to more chargeable work.		Some	Single	
Sites more businesslike and professional since charging.		Many	Some	Some
Inspectors more professional in approach.		Many	Some	Some
Inspectors being encouraged to 'make up' shortfalls in billing/chargeable work.		Some		
Emphasis in discretionary work for inspectors is on COMAH because it is chargeable. Tend to leave non-COMAH to end of year - never get around to it.		Many		
Inspectors being encouraged to find other COMAH work to make up shortfall.		Single		
Inspectors focus on why they are there to regime - COMAH, IPC, RAS etc. - leave some things until appropriate visit.			Single	
EA had pressure to chase budgets, largely ignored.			Some	

Description	Duty holders	Inspectors		
		HSE	EA	SEPA
<b><i>Efficiency and effectiveness</i></b>				
Inconsistency in which activities are chargeable and which not - different across different sites.	Many	Some	Single	Single
HSE and EA/SEPA need to coordinate much better.	Some		Some	Single
EA poor at responding to queries about bills.	Few			
Overlap between IPC and COMAH can make charging difficult and lead to inconsistent application by inspectors.			Single	Single
Current time recording for EA difficult - site identifiers do not work.			Many	
Disputes process can take substantial inspector time.		Single		
Inspectors are unsure about what is chargeable and what is not.		Many		
Recruitment of new staff more difficult since charging introduced.		Some		
<b><i>Improvements to the charging arrangements</i></b>				
Improve the information on the invoices - insufficient details.	Majority	Single		
Implement a fixed rate scheme.	Majority	Majority	Majority	Many
Provide more feedback on the status of the safety report, having to wait a long time to hear anything.	Many			
Inspectors to estimate before hand what the charges will be for the year.	Few		Single	
Operators should be given some control of the time booked, especially off site.	Few			
Shorten the time to the first panel for disputes - it is very long currently.	Few			
Reconsider the time used to budget for chargeable work - it is currently not realistic and is leading to shortfalls.		Some	Some	
Better guidance to inspectors on how to charge.		Many		Some
CIS is not a good system, it is very complex, takes lots of time.		Some		
Better guidance to industry on costs for safety reports, inspection etc.		Single		Single
Targets are simply divided up amongst team members - don't take specific factors into account. Bad for morale.		Single		
Improve the safety report assessment manual, make it more relevant to EA.			Single	
Change EA system to allow specialist costs to be included.			Single	

## 10. APPENDIX FOUR: INTERVIEWEES AND WORKSHOP ATTENDEES

### **Company telephone interviews**

Akzo Nobel Chemicals Ltd

Avesta Polarit Limited

Three Valleys Water plc

United Phosphorus Ltd

Kemira Agro UK Ltd

Potter Group Limited - Droitwich

Rentokil Initial (Timber Preserving)

Mallinckrodt Chemical Ltd

F2 Chemicals Limited

CSI Wood Protection Limited

Acordis Acetate Chemicals

Tennants Distribution

Zeon Chemicals Europe Ltd

PPG Industries Uk Ltd

Grosvenor Chemicals Limited

Clariant UK Ltd Widnes Site

Clariant UK

BP (Upstream)

Calor Gas Ltd.

### **Interviews with Dutyholder Representative Groups**

Chemicals Industries Association;

Liquefied Petroleum Gas Association;

UK Petroleum Industries Association;

British Chemical Distributors & Traders Association.

### **Inspector Interviews HSE**

David Whitmarsh

Claire Friend

Ronald Evans

Anthony Downward

Ken Owen

Heather Gates

Merrick Hadfield

Colette Nimbley

Ruth Boyd

Sam Somerfield

Wayne Vernon

Stefan Sanchez

Paul Howells

**Inspector Interviews: EA**

Katie McCabe

Neil Galagher

Stuart Richmond

David Jacobi

Timothy Loveday

**Inspector Interviews: SEPA**

Peter Semple

Rob Brown

Leanne Moir

Lynne Bunton

Byron Tilley

**Inspector Workshop: London**

David Bugg - EA

Paul Billinger - HSE

Niel Evans - HSE

Peter Galsworthy - HSE

John Lightfoot - HSE

Chris Movley - HSE

Terry Durkin - HSE

Peter Dawson - HSE

Ron DeCort - HSE

**Inspector Workshop: Edinburgh**

Mike Curtis

Robert Guthrie

Mark Bishop

Claudia Galante

Ian Craig

Geoff Cooke

Alastair McNabe

David Walker

Ken Staples

**Duty Holder Workshop**

Terrence Ritter - Calor Gas

Mike Wood – British Chemical Distributors Trade Association

Mark Platt – Confederation of British Industry

Martin Lyons – Tank Storage Association

Wayne Smith – British Coatings Federation

Nick Berentzen – Chemical Industries Association

Ian McPherson – UK Petroleum Industry Association

Daniel Tregear – British Compressed Gases Federation

**Senior Staff**

Clive Norris – Chairman of Disputes Panel, HSE

Nick Starling – Head of Safety Policy, HSE

John Burns – SEPA

Alun Williams – Head of Central Division, HID, HSE

Andrew Hitchings – EA

Dan Mitchell – Head of Land Division, HID, HSE

**11. APPENDIX FIVE: PRODUCT DESCRIPTION FROM THE PROGRAMME PROJECT INITIATION DOCUMENT**

The agreed description of this product – as set out in the Programme Project Initiation Document of 20 July, 2001 - is included below:

Product	Final Report on COMAH
Purpose	To bring together our evidenced findings on the efficiency and effectiveness of the COMAH charging scheme and recommendations for improving this.
Composition	Concise, paragraph numbered, MS Word document including: <ul style="list-style-type: none"> <li>• detailed executive summary that can stand alone as a document and includes a brief introduction and description of approach plus key findings and key recommendations;</li> <li>• Section on findings from the work on data analysis, and including recommendations to achieve greater efficiency and transparency;</li> <li>• Section on the findings of the consultation work, and a summary of the views and issues raised by each group of key stakeholders;</li> <li>• Section on our findings from our review of the efficiency of the charging process;</li> <li>• section on our findings from our benchmarking review of the reasonableness of charges;</li> <li>• section on our findings from our the review of the Queries and Disputes Procedure;</li> <li>• Appendices containing all detailed recommendations (and indications of their level of priority and timescale), suggestions of further work, details of interviewees and participants at workshops and other events.</li> </ul>
Derivation	Stage 1 & 2 work.
Allocated to:	Core Team and Chris Sullivan
Quality Criteria	<ul style="list-style-type: none"> <li>• comprehensive capture of work from the whole review;</li> <li>• adequate presentation of findings.</li> </ul>
Quality Review Responsibility	HSE Project Manager
Sign off	HSE Project Board Chairman

As explained in Section 1 we have reduced the scope of this Final Report on COMAH and are providing findings of other strands of work separately.