

Title: Proposals to consolidate and modernise explosives legislation and to withdraw the Approved Code of Practice to the Manufacture and Storage of Explosives Regulations 2005 IA No: HSE 0083 Lead department or agency: Health and Safety Executive Other departments or agencies:	Impact Assessment (IA)		
	Date: 05/03/2014		
	Stage: Validation		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
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Summary: Intervention and Options			RPC Opinion: Green

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out? Measure qualifies as
£1.53m	£1.53m	£-0.148m	Yes OUT

What is the problem under consideration? Why is government intervention necessary?
As part of the an independent review into health and safety legislation carried out by Professor Ragnar Löfstedt, it was recommended that sector-specific consolidations of regulations should be undertaken. The Government has accepted this recommendation and seeks to consolidate over 20 legislative and regulatory elements covering the explosives sector into one.


What are the policy objectives and the intended effects?
The consolidated regulations will consolidate, modernise, and, where practicable, update and simplify the current legislative arrangements. They will aid clarity and reduce burdens on industry without reducing safety standards.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
Option 1: Do nothing..

Option 2 (preferred option): Reduce the regulatory burden on business and regulators through consolidation, updating and simplification of the existing explosives regulations. This has been supported by industry through consultation, and is therefore the preferred option.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: October 2019					
Does implementation go beyond minimum EU requirements?			Yes		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded:		Non-traded:

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

Signed by the responsible Minister:  Date: 12.05.14

Summary: Analysis & Evidence

Policy Option 1

Description: Do nothing option

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	0	0	0

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

This is the baseline option and as such there are no associated costs

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

The changes were recommended by the Löfstedt review, and have been accepted in full by the Government, therefore there would be reputational costs to HSE from not going ahead with the changes.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	0	0	0

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

This is the baseline option and as such there are no associated benefits

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

Key assumptions/sensitivities/risks

Discount rate (%)

N/A

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of OITO?	Measure qualifies as
Costs: 0	No	NA
Benefits: 0		
Net: 0		

Summary: Analysis & Evidence

Policy Option 2

Description: Consolidate the current suite of regulation

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: 1.22	High: 1.84	Best Estimate: 1.53
2013	2013				

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.0	0.0	0.0
High	0.0	0.0	0.0
Best Estimate	0.04	0.0	0.04

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

Industry: Introduction of licensing for the storage of Ammonium Nitrate Blasting Intermediate (ANBI) will affect 19 business sites in one subsector and will cost £22K. Some of these sites will need to make alterations which have been estimated at £5K. One-off familiarisation costs are estimated to be of around £13K as the fundamental approaches are not changing and industry are familiar with the issues involved due the consultative approach taken by HSE.

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

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	0.15	1.25
High	Optional	0.22	1.88
Best Estimate	0.0	0.18	1.57

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

Retail: Replacing the current registration system with a "zero separation distance license" of periods up to 5 years maximum for businesses selling fireworks will deliver benefits estimated between £1.25M to £1.88M. Dutyholders who can demonstrate that they maintain a suitable Health and Safety management system with appropriate physical controls will be able to apply for the longer license period.

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

Retail: The clarification of the regulations will enable dutyholders across the Retail sector to understand their responsibilities better .

Industry: It is thought that the proposals will have a positive impact on Health and Safety at work with businesses having clarity of what they need to do to comply with the regulations which could potentially reduce the number of accidents in the work place and the likelihood of a catastrophic event.

Key assumptions/sensitivities/risks	Discount rate (%)
	3.5
We assume that 60% of supermarkets sell fireworks and all of these would be eligible to apply for a five year licence period. We assume that 10% of smaller retail shops sell fireworks and that 50% of these would be able to apply for the longer period licences. Given uncertainty, sensitivity analysis has been conducted using different proportions (25% and 75%) of small firms being able to apply for longer period licenses.	

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: 0.004	Yes	OUT
Benefits: 0.152		
Net: 0.148		

Evidence Base (for summary sheets)

Background

1. The explosives sector comprises a large number of diverse subsectors regulated by HSE, the Police, Local Authorities and the MoD. One of the key reasons for the current regulatory complexity has been the historical approach of addressing sub-sector issues in detail, in isolation and in topic-based sets of regulations, rather than as part of a coherent, sector-wide, regulatory framework. This has resulted in overlapping legal duties and divergent legal definitions at both UK and international levels.
2. HSE began an Explosives Legislative Review programme (ELR) in 2010. As the independent review into health and safety legislation carried out by Professor Ragnar Löfstedt¹ recommended a number of sector-specific consolidations (a recommendation which was accepted by the Government), the ELR was subsequently incorporated within the Löfstedt review delivery programme. However, the general strategic direction remained the same.
3. ELR offers a major opportunity not just to consolidate, but to modernise and simplify explosives regulations whilst also future-proofing them against external legislative and technical changes. It is also an opportunity to review the accompanying Approved Codes of Practice (ACOPs) and guidance that support the current framework.
4. Currently, the explosives legislative framework consists of over twenty legislative instruments and a number of UK-wide or company-specific exemptions. The legislation provides the framework for worker, public and product safety across the sector. It also:
 - delivers the requirements of Section 1(1) (c) of the Health and Safety at Work etc Act 1974 (HSWA), as it achieves the control of the keeping of a dangerous substance;
 - contains consumer protection and anti-social behaviour legislation;
 - interacts with domestic and international provisions in counter-terrorism;
 - provides much of the UK's regulatory framework for the safe manufacture and storage of the industrial gas, acetylene.
5. Much of this wider scope is heavily intertwined with the Explosives Act 1875, parts of which still comprise existing statutory provisions of HSWA.

Rationale for intervention

6. The recommendations from Professor Ragnar Löfstedt's review of Health and Safety legislation, including those to undertake sector consolidations, were accepted by the Government. Additionally, there is scope for modernising, updating and simplifying regulatory requirements. Achieving those aims requires changes to the Regulations to be made.
7. The ELR Programme has engaged with key stakeholders in the various explosives subsectors in order to deliver the necessary technical changes to the Regulations. Stakeholders have made improvement recommendations which have built up an expectation of change within the sector.
8. During summer 2013, HSE consulted on consolidating all explosives-related statutory instruments². The consultation document was downloaded 1465 times and HSE received 37 responses. Analysis of the responses found that there was general support for the proposals among stakeholders; further details are given below.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66790/lofstedt-report.pdf

² www.hse.gov.uk/consult/condocs/cd256.htm

Policy objective

9. The primary objective of this proposal is to reduce the regulatory burden on business and regulators through clarification and simplification, as well as to update requirements where necessary. The review has sought to involve all interested parties and deliver a consolidated and integrated suite of updated explosives legislation.
10. The proposal will assist in reducing the policy costs of regulation, for example, by eliminating the need for short-term piecemeal amendment of regulations and reducing the need for future major revisions. It will also assist in making the regulatory framework easier to understand, by reducing the total number of regulations through more effective integration and amalgamation of the numerous Orders and amending Regulations into the parent legislation.
11. An earlier review, Lord Young's Good Health and Safety, Good for Everyone³, the recommendations of which were also accepted by the Government, outlined the next steps in the Government's plans for reform of the health and safety system in Britain. The Government believes the regulation of major hazard industries to be soundly based and in accordance with best international practice. The report highlighted the need to continue with a programme of modernisation of regulatory approaches and co-operation between regulators to provide a consistent and proportionate approach for business, ELR is designed to help meet this objective.

Options Considered

Option 1: Do Nothing (Baseline)

12. In this option, the existing regulations would continue as they are currently, with no changes. There would, however, be reputational costs to HSE, as the Löfstedt review recommended changes to the Regulations which have been accepted by the Government.
13. This option is the baseline against which the other option will be compared.

Option 2: Modernisation and Consolidation

14. Reduce the regulatory burden on business and regulators through clarification and simplification of the existing regulations and consolidation into one document, also updating requirements where necessary.
15. Extend the period that licences for storing explosives such as fireworks (known as "zero separation distance licences") are valid for from one year to a maximum of 5 years, to avoid unnecessary administrative burden on shops who sell fireworks but who meet and maintain minimum storage standards.
16. Redefine Ammonium Nitrate Blasting Intermediate (ANBI) under international standards as UN3375. This will bring ANBI in line with the international standards that the sector currently works to and will have no inherent costs.
17. Introduce licensing for the storage of ANBI. ANBI is an ammonium nitrate emulsion, suspension or gel that can be sensitised on site to become an explosive. Its typical use is in quarry blasting. It's generally safer in transport, storage and use than traditional explosives, but there have been incidents where it has exploded following engulfment by fire. The intention of licensing ANBI storage is to ensure that bulk storage of this material is subjected to controls proportionate with the potential of such material to explode. This will ensure that the companies involved operate in accordance with the relevant parts of widely used international industry standards for ANBI, creating greater regulatory consistency and reducing market inconsistencies that occur if sites operate to different standards. HSE explosives sector has directly consulted with, and has agreement for this proposal from, those companies operating the 19 sites that will be affected. HSE will continue to work closely with the ANBI industry during the transition period to allow them to adapt.

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66745/good-health-and-safety.pdf

Monetised and non-monetised costs and benefits of each option

General Assumptions

18. The discount rate used is 3.5%, in line with the HM Treasury Green Book⁴ guidance.
19. Costs and benefits are assessed over 10 years as there is no reason to depart from the general advice in the Green Book.
20. Price base and present value year is 2013.
21. The price base year for One in Two Out calculations is 2009.
22. Estimates for the cost of dutyholders' time are based on the Annual Survey of Hours and Earnings⁵ (ASHE 2012 provisional figures) using SOC code 3567 - Occupational Hygiene/Safety Officer and up rating this by 30% to account for non-wage costs, which equates to £30 per hour in total. This is in line with Treasury Green Book Guidance.
23. Figures presented in this IA are generally rounded to two significant figures. However, calculations are based on non-rounded numbers. Given this, some figures set out may not add up to the totals presented.
24. There are no definitive numbers for how many retail outlets actually sell fireworks but HSE believe that around 14,000 is a reasonable estimate, based on an HSE analysis of a sample of licence data from 2011/12 (including 60% of hypermarkets, supermarkets, superstores, major DIY Chains and 10% of convenience and traditional retailing outlets). This figure is derived from a total number of around 89,000 retail outlets that could potentially sell fireworks and that would require a storage licence to enable them to store fireworks, taken from a published Institute of Grocery Distribution (IGD)⁶ survey of retail outlets.
25. There are 19 sites that store ANBI.

COSTS

26. The majority of the proposals are not expected to create significant costs, as many of the changes involve consolidating, clarifying and simplifying the Regulations into an integrated legislative package, and will not fundamentally alter longstanding approaches to explosives safety and security.
27. Redefining ANBI under international standards as UN3375 and introducing licensing for the storing of ANBI will affect 19 business sites in one subsector and will cost £22K over the appraisal period. This is calculated on the basis of each of the 19 sites paying approximately £1,200 for a licence. These licenses will be held indefinitely, until there is a major change in technology or the holder changes their practices. Given this is an established sector where major change is unlikely, we only expect each site to apply once over the 10 year appraisal period. Sites where ANBI is manufactured are already licensed by HSE.
28. The redefinition of ANBI may also lead to one-off costs from changing storage practices at 4 sites, totalling £5K. This figure has come about as a result of formal and informal consultation with the companies in question. HSE's Explosives sector will work closely with the dutyholders affected during the transition period to allow industry to adapt.
29. The proposals will increase entry costs for new businesses who wish to store ANBI as they will now need a licence. Those manufacturing ANBI already need a license. The proposals will not affect entry or exit costs for any other sub sectors in the explosives sector as this new requirement only applies to

⁴ http://www.hm-treasury.gov.uk/data_greenbook_index.htm

⁵ <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2012-provisional-results/stb-ashe-statistical-bulletin-2012.html>

⁶ <http://www.igd.com/our-expertise/Retail/retail-outlook/3371/UK-Grocery-Retailing/>

companies who store or wish to store ANBI. However, given the small number of specialist sites storing ANBI, it is expected that there will be no new entrants over the 10 year appraisal period, nor would there be without the new costs..

30. Five year “zero separation distance licences” for explosives such as fireworks will be available for those firms meeting certain criteria (the demonstration of which will require no additional effort on the part of the companies – see paragraph 37), but licenses valid for a shorter period will remain available. There will be no additional costs relating to a five year licence over a one year licence.
31. Many of the people acquiring explosives which do not currently require an explosives certificate, but which may change status under the modernised framework, will already have an explosives certificate in relation to other explosives already held.
32. The collaborative way in which guidance will be drawn up will reduce the one-off familiarisation costs of the proposals. These should remain small as the majority of changes will not, fundamentally, alter longstanding approaches to explosives safety.
33. There will be one-off costs to business of around £13K from familiarising themselves with the consolidated regulations. These costs are based on Safety Officers making themselves aware of the changes and reviewing the updated guidance. This has been estimated at 3 hours per firm based on knowledge of previous changes. This figure assumes that most of the approximately 14,000 dutyholders in the sector will not familiarise themselves with the new legislation, as most of the changes will not alter fundamentally longstanding approaches, and industry are familiar with the issues involved due to the highly consultative and collaborative approach taken by the ELR Programme. However, it is assumed that 150 dutyholders, the number of which is based on those companies operating larger sites licensed by HSE and companies operating from multiple locations, would choose to have someone in the business spend some time familiarising themselves with the changes. This assumption was tested at consultation and there were no objections raised.
34. Costs of familiarisation with extending licences to store explosives such as fireworks have not been calculated as we assume dutyholders will familiarise themselves with requirements when they next need to renew a licence, and will then come across the new requirements. There are therefore no additional costs expected. This assumption was tested at consultation stage and no objections were received.
35. It is not appropriate to include familiarisation costs for new market entrants over the appraisal period as new entrants will only be interested in the situation when they enter the market, not what has changed over time. However, modernisation and consolidation, including removing counter terrorism and antisocial behaviour legislation from the Health and Safety legislative framework, may reduce the familiarisation burden imposed on new industry and regulator new entrants, which would generate savings in comparison to the current situation. These savings are not expected to be significant, so no attempt has been made here to quantify them.

BENEFITS

36. There would be a benefit to industry from the reduction in administration and paperwork resulting from a move to extend the life of licences to store explosives such as fireworks from one year to five.
37. Dutyholders who can demonstrate that they maintain a suitable health and safety management system with appropriate physical controls, will be eligible for a storage licence for a longer period than currently permitted by legislation (up to 5 years). There will be no additional administrative burden on dutyholders who are eligible for this extension, as all premises wishing to store or sell fireworks submit the same paperwork and are inspected by their local authority as a matter of course, and the extension will merely be at the discretion of the local authority dependent on the control measures and management practices that the dutyholder has in place.
38. HSE believes that it is reasonable that, out of the total 14,000 retailer outlets we estimate sell fireworks, all of the approximately 6,000 hypermarkets, supermarkets, superstores and major DIY chains would be

eligible for a storage licence with periods longer than is currently permitted. Of the remaining convenience and traditional retailing outlets, we estimate some 50% (approximately 4,000) would be eligible, based on an HSE analysis of a sample of licence data from 2011/12. This gives a total of 10,000 businesses.

39. Replacing the current registration system with a “zero separation distance licence” of up to five years for businesses selling fireworks would mean a reduction in costs to business. This is as a result of a reduction in the number of times dutyholders would need to apply for a storage licence from the Local Authority. Registration previously cost £136 and covered the first two years, and then there was a renewal fee of £52 every year thereafter. Under the new system, registration would cost £229 for the first five years, and £178 for every subsequent five year renewal.
40. Additionally, each time a license is applied for and renewed; businesses incur administration costs for filling out the form. We have estimated that a form completion takes 15 minutes of a Safety Officer’s time (this assumption is based on the completion of a random sample of forms used by local authorities to apply for licences), at an hourly full economic cost of £30 (see paragraph 22). To each of the fee costs in the previous paragraph, we should therefore add £7.50.
41. Businesses already operating would have existing licenses, so the costs for one such business would follow the pattern below. This would have savings with an NPV over the appraisal period of £170 for that business.

Year	0	1	2	3	4	5	6	7	8	9
Old system	59.5	59.5	59.5	59.5	59.5	59.5	59.5	59.5	59.5	59.5
New system	185.5	0	0	0	0	185.5	0	0	0	0
Savings	-126	59.5	59.5	59.5	59.5	-126	59.5	59.5	59.5	59.5

42. The pattern of costs would be different for new businesses, which would have to initially apply for a new licence. This would result in different NPVs for new firms entering on different years in the appraisal period. For a new business entering the market at year 0, the costs would follow the pattern below. This pattern would have savings with an NPV over the appraisal period of £146 for such a business.

Year	0	1	2	3	4	5	6	7	8	9
Old system	143.5	0	59.5	59.5	59.5	59.5	59.5	59.5	59.5	59.5
New system	236.5	0	0	0	0	185.5	0	0	0	0
Savings	-93	0	59.5	59.5	59.5	-126	59.5	59.5	59.5	59.5

43. It would be a similar pattern for businesses entering the market in each year after that, with the numbers moving one column to the right each time, and NPV would be as below:

If business enters market in:	The NPV of its savings over the appraisal period would be:
Year 0	146
Year 1	99
Year 2	53
Year 3	9
Year 4	-33
Year 5	57
Year 6	13

Year 7	-29
Year 8	-71
Year 9	-68

44. This is a very steady sector, which industry intelligence tells us is operating close to a saturation point. Not many new licenses are issued each year. We will be conservative in our savings estimates and assume some 1% of the total (i.e. 100 businesses) every year are new and that this is balanced by the same number exiting the sector.

45. Under these assumptions, for businesses existing at the beginning of the appraisal period the total savings would be based on the savings per business and number of businesses below. These result in total savings to existing businesses with an NPV of £1.55 M.

Year	0	1	2	3	4	5	6	7	8	9
Number of firms	9900	9800	9700	9600	9500	9400	9300	9200	9100	9000
Old system	59.5	59.5	59.5	59.5	59.5	59.5	59.5	59.5	59.5	59.5
New system	185.5	0	0	0	0	185.5	0	0	0	0
Saving per business	-126	59.5	59.5	59.5	59.5	-126	59.5	59.5	59.5	59.5

46. Additionally, there would be costs or savings from new businesses, depending on the year they enter the market throughout the appraisal period. As shown below, the NPV of all these savings/costs would be savings of a further £18K. Overall, the total estimated savings from replacing the current registration system are £1.57M.

If business enters market in:	The NPV of its savings over the appraisal period would be:	Number of businesses	Savings (NPV)
Year 0	146	100	15,000
Year 1	99	100	10,000
Year 2	53	100	5,000
Year 3	9	100	1,000
Year 4	-33	100	-3,000
Year 5	57	100	6,000
Year 6	13	100	1,000
Year 7	-29	100	-3,000
Year 8	-71	100	-7,000
Year 9	-68	100	-7,000
Total (NPV)			18,000

47. This will benefit those dutyholders who can demonstrate that they maintain a suitable health and safety management system with appropriate physical controls. This means that health and safety will not be diminished by introducing the new licenses, as the requirements placed upon license holders will not be reduced, the change will simply mean that unnecessary administrative burdens are reduced.

48. HSE anticipates the overall impact of the proposal on health and safety outcomes to be positive for business and regulators. The consolidated regulations will help ensure there is legal clarity for those firms operating in the explosive sector. This creates a potential benefit in that it may reduce the amount of time that businesses in the sector spend dealing with their health and safety obligations. Whilst this reduction in time is clearly a benefit, it will not be proportionate to quantify the benefit of legal clarity. This

is due to the uncertainty surrounding the potential time saving that will result as well as the number of businesses that will be affected.

49. Legal clarity will also help to boost public confidence in these major hazard industries. It will enable them to operate successfully with less challenge, and together with the help, advice and regulatory oversight that HSE and co-regulators will provide on safety matters this will help to ensure the industry can operate more effectively.
50. Local authorities will experience administrative savings from moving from the one-year to five year licensing scheme. However, these savings will be counteracted by a reduction in revenue from licences, and it is assumed that the income from the licenses covered the administration costs of issuing licenses completely; therefore there will be a zero net effect on local authority income.

Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

51. The figures for the number of retail outlets in the UK are based on published market research analysis by IGD. While this provides an indication for how many stores there are in the UK, there are no centrally available figures for how many stores sell/store fireworks. However, HSE have conducted a survey of licence issuers to identify how many have been issued in the last year and the estimate is based on the returns HSE has received.
52. HSE have engaged with key stakeholders in industry, local authorities and other government departments to help ensure that there was understanding and agreement in the proposals. HSE have worked closely with stakeholders in consultation working groups to address specific details and have used the HSE website to disseminate key information and request assistance to clarify HSE's understanding.
53. Familiarisation costs are estimated based on knowledge from previous changes and both formal and informal consultation with business.

Key Risks and Assumptions

54. The figures for the number of retail stores selling fireworks will remain as estimates. It would not be proportionate to centrally pull together information which is not currently collected on such a wide and disparate group of organisations.
55. Owing to the uncertainty surrounding these figures, sensitivity analysis was conducted based on the changed assumptions that 25% of smaller firms would be eligible for extended licences in the reasonable worst-case scenario, and that 75% of smaller firms would be eligible in the reasonable best-case scenario. This sensitivity analysis found that the potential benefit of the changes to licensing ranged between £1.25M to £1.88M over the appraisal period, with a best estimate of £1.57M.
56. HSE has engaged with stakeholders via working groups and the HSE website on this issue, and there were no objections. Industry is familiar with the issues involved due to the consultative approach taken by the ELR Programme.

Direct costs and benefits to business calculations (One In Two Out)

57. It is estimated that the total present value of the net benefit to Business over the 10 year appraisal period will be around £1.53 million.
58. It is estimated that the Equivalent Annual Net benefit to Business will be £160K, therefore this proposal is a OITO "out" of £150K.

Wider impacts

Competition

59. The proposals will not favour or disadvantage any firm or type of firm or affect their ability to compete with others in the same market.
60. The Office of Fair Trading have four filter questions to decide whether a more detailed analysis of competition impacts is necessary, and these are answered as follows:
1. Does the policy directly limit the number or range of suppliers?
It is not thought the policy will directly limit the number or range of suppliers.
 2. Does the policy indirectly limit the number or range of suppliers?
It is not thought the policy will indirectly limit the number or range of suppliers, as explained in paragraph 29.
 3. Limit the ability of suppliers to compete?
It is not thought the policy will limit the ability of suppliers to compete.
 4. Reduce suppliers' incentives to compete vigorously?
It is not thought that the proposal will reduce suppliers' incentives to compete vigorously.

"Gold Plating"

61. Some of the long standard domestic provisions go beyond the minimum requirements of European Directives. These provisions generally relate to areas where EU legislation does not exist. Any potential gold plating of EU legislation was considered at the point at which the original domestic provisions were introduced. The current legislative proposal focuses on consolidation and minor updating. However, discussions have taken place with the security community (which includes National Counter Terrorism Security Office (NaCTSO) and the police, who rely on many of the security and acquisition provisions contained in HSE explosives legislation, along with historical evidence), to review the case for retaining the domestic provisions. This consultation indicated that a failure to retain these provisions would pose a significant risk to both worker and public safety and to security standards. Failure to include these measures could result in the loss of support from the Home Office and the Police /security services. Furthermore, there has been no strong drive from the sector to remove the domestically-derived permissioning requirements from the legislative framework.

Small/Micro Firms and the Self employed

62. We propose that these provisions will apply to small/micro firms and the self employed as they seek to clarify duties and so could benefit such firms. If hazardous explosives were placed outside of legislative control they could pose significant hazards to neighbouring businesses and members of the public by way of their potential to give rise to catastrophic events. It is not thought the proposals will have a disproportionately negative impact on small firms. There will be no material changes to the standards industry are expected to comply with. In the consolidation, the changes are not being made to the substance of the regulation.

Hobbyists

63. There is a large and active hobbyist community (cavers, divers shooters etc.) It is not thought that the proposals will have a negative impact on any of the groups in this sector.

Health and Well being

64. It is thought that that the proposals will have a positive impact on Health and Safety at work with businesses having clarity of what they need to do to comply with the regulations, which could potentially reduce the number of accidents in the workplace. Regulators will also have more clarity and should be able to enforce the regulations more consistently. However, owing to the uncertainty surrounding this, these benefits have not been quantified.

65. There will be no reduction in the standards that firms licensed to store explosives will have to maintain, and extended five-year licenses will only be provided to those firms who can prove that they meet these standards. Therefore, there will be no reduction to public or workplace safety from extending firework storage licenses from one year to five years.

Environment

66. It is possible that there will be a positive impact environmentally; as business will have greater clarity of what they need to do to comply with the regulations which could potentially reduce the risk of major hazard incidents occurring.