

**EXPLANATORY MEMORANDUM TO  
THE HEALTH AND SAFETY INFORMATION FOR EMPLOYEES (AMENDMENT)  
REGULATIONS 2009**

**2009 No. 606**

1. This explanatory memorandum has been prepared by the Health and Safety Executive (HSE) on behalf of the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

2.1 The Health and Safety Information for Employees Regulations 1989 have effect for the purpose of providing information to employees relating to health, safety and welfare. The amending regulations will simplify the provision of information for employees and, for employers, will remove an administrative burden estimated, using information from the Administrative Burdens Measurement Exercise, to be £10.7 million per annum.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None.

**4. Legislative Context**

4.1 The 1989 regulations do not implement European or international obligations and are being amended in the context of simplifying and reducing administrative burdens, as part of the government's better regulation agenda.

**5. Territorial Extent and Application**

5.1 This instrument applies to Great Britain.

**6. European Convention on Human Rights**

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

**7. Policy background**

• *What is being done and why*

7.1 The 1989 regulations are being amended so that HSE can approve and publish new health and safety law posters and leaflets which do not require the addition or updating of information by businesses displaying the poster or providing the leaflet as required by the 1989 regulations, so reducing an unproductive burden, whilst maintaining or improving employees' access to useful information.

7.2 The amendments will also allow employers to continue to display existing approved posters for a period of five years after a new poster and leaflet are approved, providing they are readable and provide up-to-date information on contacting the health and safety enforcing authority for the workplace and the local office of the employment medical advisory service.

7.3 A review of the current approved poster (approved in 1999) showed it was unappealing and very rarely read by employees. Publication of a new approved poster and leaflet provides an opportunity to present clearer basic information about employees' health and safety rights and responsibilities, and how to get further help and advice. This will help all employees to understand their right to a safe and healthy workplace and to play their part in ensuring good standards of health and safety.

- ***Consolidation***

7.4 The 1989 regulations were previously amended by the Health and Safety Information for Employees (Modifications and Repeals) Regulations 1995 (SI 1995 No. 2923). There is no intention to consolidate the legislation, or provide an informal consolidated text.

## **8. Consultation outcome**

8.1 HSE carried out a public consultation on the proposed amendments. The consultation began on 19 May and closed on 11 August. Respondents were asked:

- whether they agreed with the proposal that new approved posters advise workers to contact HSE Infoline to get information on how to contact their enforcing authority and EMAS, and
- whether they agreed with the proposal that employers should be able to continue to display an unrevised poster after HSE has approved a new poster, provided the information on it is current and readable.

8.2 Overall, 89% of respondents, including all the representative bodies who responded, agreed with the first proposal. 69% of respondents, and 80% of representative bodies, agreed with the second proposal. Those disagreeing with the second proposal preferred to see a fixed timescale, such as 5 years, in which employers would have to replace existing posters and leaflets.

8.3 HSE subsequently modified the second proposal, taking account of the concerns expressed in the consultation that a definite time limit for replacement should be set. They propose instead that employers will have a period of five years in which to replace existing posters and leaflets. The modification recognises that a new approved poster and leaflet can be expected to benefit both employees and employers (who no longer need to update), and will ensure that these benefits are realised within a reasonable timescale.

## **9. Guidance**

9.1 These regulations do not place new obligations on duty-holders. Before the amendments come into force, HSE will work with organisations representing employers, including small business, and those representing employees to ensure employers understand they have five years in which to replace their existing posters.

HSE will also work to raise awareness of the benefits that the new posters will bring: reducing administrative burdens on business, while ensuring employees understand their right to a safe and healthy workplace and how to play their part in ensuring good standards of health and safety.

## **10. Impact**

10.1 The impact on business, charities or voluntary bodies is a reduction in the administrative burden imposed by the 1989 regulations, which apply to all employers in Great Britain. Proportionately, smaller employers and employers that operate at multiple workplaces are likely to benefit from greater savings. On aggregate, there will also be a small increased cost associated with bringing forward the purchase of the law poster to within the 5 year period of grace. The increased cost to each individual employer will be negligible.

10.2 The impact on the public sector is, similarly, a reduction in the administrative burden imposed by the 1989 regulations plus a small increased cost associated with bringing forward the purchase of the law posters.

10.3 An Impact Assessment is attached to this memorandum.

## **11. Regulating small business**

11.1 The legislation applies only to small businesses with one or more employees (ie, not to the self-employed with no employees), and reduces an existing administrative burden which may disproportionately affect small business. The differences to individual businesses are too small to warrant a small firms impact test.

## **12. Monitoring & review**

12.1 These revisions to the 1989 regulations form part of HSE's administrative burdens reduction work and feature as one of the initiatives in its Simplification Plan for 2009. Evaluation of simplification initiatives is an element in the Simplification Plan.

## **13. Contact**

Keith Pritchard at the Health and Safety Executive Tel: 020 7717 6499 or email: keith.pritchard@hse.gsi.gov.uk can answer any queries regarding the instrument.

## Summary: Intervention & Options

<b>Department /Agency:</b> <b>HSE</b>	<b>Title:</b> <b>Impact Assessment of Health and Safety Information for Employees Regulations (HSIER)</b>	
<b>Stage: Final</b>	<b>Version: 3</b>	<b>Date: 14<sup>th</sup> January 2009</b>
<b>Related Publications:</b>		

Available to view or download at:

<http://www.hse.gov.uk/ria/>

Contact for enquiries: Anna Richardson-Owen

Telephone: 0151 951 4865

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

The Health and Safety Information for Employers Regulations (HSIER) require employers to provide information to employees relating to health safety and welfare at work, by displaying in the workplace a copy of the approved poster, or alternatively by giving employees a copy of the approved leaflet. The regulations address information asymmetries regarding risks in the workplace and employers' duties in managing those risks, and attempt to address the market failures that may consequently arise by reminding both parties of their responsibilities. The regulations may also act as a form of support when challenging employers about health and safety standards.

As part of a simplification plan, HSE is addressing the administrative burdens resulting from the regulations and looking to improve their effectiveness by enhancing their clarity.

### What are the policy objectives and the intended effects?

The original objective of the HSIER was to ensure that employees are adequately informed and aware of the protection afforded by health and safety legislation. The aim of this review was to examine the scope for improving the effectiveness of the regulations through amendments or revocation. In line with Better Regulation principles, this review also examined the scope for reducing the administrative burden associated with the HSIER, through amendment of the regulations or through revocation.

Due to the difficulties associated with quantifying the health and safety benefits of a redesigned poster, this Impact Assessment focuses on the benefits from a reduction in administrative burden. This is a departure from normal practice in HSE Impact Assessments, but is believed to be justified in this case.

**What policy options have been considered? Please justify any preferred option.**

In Consultation Document 218, two options were considered: to do nothing or to redesign the poster with regulatory changes, with the expectation that the latter option will deliver administrative burden savings.

The second option - redesigning the poster with regulatory changes - originally proposed that employers would be able to continue displaying the existing poster so long as it remained readable and provided up-to-date information. Following consultation, the HSE Board decided a fixed timescale for replacement should be set. Three variations with different deadlines for replacement were considered:

- o firstly, with employers required to purchase and display a new approved poster within 9 months of HSE approval - as is currently the requirement in the 1989 regulations;
- o secondly, as above - with employers given a 9 month period of grace for replacement of the poster, but with HSE providing the poster free on a replacement basis in year 1, subsequent to which the poster will be charged for to all; and
- o thirdly, that businesses are required to purchase and display a new approved poster within 5 years of HSE approval.

The HSE Board, taking account of views of consultees and its own concern that the benefits of the poster should be realised quickly, concluded that employers should have a period of 5 years in which to replace existing posters and leaflets.

**When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?** The policy will be reviewed three years after implementation.

**Ministerial Sign-off** For SELECT STAGE Impact Assessments:

***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:

Jonathan Shaw ..... Date: 10 March 2009

## Summary: Analysis & Evidence

**Policy Option: 1**

**Description: Do Nothing**

<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' There are no costs associated with this option	
	<b>One-off</b> (Transition)	<b>Yrs</b>		
	<b>£ 0</b>			
	<b>Average Annual Cost</b> (excluding one-off)			
	<b>£ 0</b>		<b>Total Cost (PV)</b>	<b>£ 0</b>
Other <b>key non-monetised costs</b> by 'main affected groups' N/a				

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' There are no benefits associated with this option	
	<b>One-off</b>	<b>Yrs</b>		
	<b>£ 0</b>			
	<b>Average Annual Benefit</b>			
	<b>£ 0</b>		<b>Total Benefit (PV)</b>	<b>£ 0</b>
Other <b>key non-monetised benefits</b> by 'main affected groups' N/a				

Key Assumptions/Sensitivities/Risks N/a

Price Base Year	Time Period Years	<b>Net Benefit Range</b> (NPV) <b>£ 0</b>	<b>NET BENEFIT</b> (NPV Best estimate) <b>£ 0</b>
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What is the geographic coverage of the policy/option?	N/a			
On what date will the policy be implemented?	N/a			
Which organisation(s) will enforce the policy?	N/a			
What is the total annual cost of enforcement for these	£ 0			
Does enforcement comply with Hampton principles?	N/a			
Will implementation go beyond minimum EU requirements?	N/a			
What is the value of the proposed offsetting measure per year?	£ 0			
What is the value of changes in greenhouse gas emissions?	£ 0			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro 0	Small 0	Medium 0	Large 0
Are any of these organisations exempt?	N/a	N/a	N/a	N/a

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)				(Increase - Decrease)
Increase	£ 0	Decrease	£ 0	<b>Net</b> <b>£ 0</b>

Key v: Annual costs and benefits: Constant (Net) Present

## Summary: Analysis & Evidence

Policy  
Option: 2

Description: Re-design the poster  
with regulatory changes

<b>COSTS</b>	<b>ANNUAL COSTS</b>		<p>Description and scale of <b>key monetised costs</b> by 'main affected groups' £1.7m increase in admin burden through increased managerial time spent updating the poster when information changes.</p> <p>£140k one off cost to HSE for redesigning the poster, staff costs and implementing the changes.</p> <p>£1.1m cost to HSE through increased call volume to Infoline</p>	
	<b>One-off</b> (Transition)	<b>Yrs</b>		
	£ 140k			
	<b>Average Annual Cost</b> (excluding one-off)			
	£ 330K		<b>Total Cost (PV)</b>	<b>£ 2.9m</b>
Other <b>key non-monetised costs</b> by 'main affected groups' N/a				

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		<p>Description and scale of <b>key monetised benefits</b> by 'main affected groups' £24.8m reduction in admin burden through reduction in time needed to fill in the details when initially displaying the poster.</p> <p>£63.6m reduction in admin burden through removing the requirement to fill in the local enforcing agency / EMAS details when information changes .</p>	
	<b>One-off</b>	<b>Yrs</b>		
	£ Nil			
	<b>Average Annual Benefit</b> (excluding one-off)			
	£ 10.3m		<b>Total Benefit (PV)</b>	<b>£ 88.4m</b>
Other <b>key non-monetised benefits</b> by 'main affected groups' There may be health and safety benefits arising from a clearer poster but the magnitude of these effects is difficult to estimate and so no attempt has been made here.				

**Key Assumptions/Sensitivities/Risks** Estimates for number of companies affected each year and details of the current administrative burden are taken from the Administrative Burden Measurement Exercise.

Price Base Year 2007	Time Period Years 10	<b>Net Benefit Range (NPV)</b> N/a	<b>NET BENEFIT (NPV Best estimate)</b> £ 85.5m
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What is the geographic coverage of the policy/option?	Great Britain				
On what date will the policy be implemented?	N/a				
Which organisation(s) will enforce the policy?	HSE, LAs, ORR				
What is the total annual cost of enforcement for these	£130k				
Does enforcement comply with Hampton principles?	Yes				
Will implementation go beyond minimum EU requirements?	No				
What is the value of the proposed offsetting measure per year?	N/a				
What is the value of changes in greenhouse gas emissions?	£0				
Will the proposal have a significant impact on competition?	No				
Annual cost (£-£) per organisation (excluding one-off)	<table border="1"> <tr> <td>Micro Negligible</td> <td>Small Negligible</td> <td>Medium Negligible</td> <td>Large Negligible</td> </tr> </table>	Micro Negligible	Small Negligible	Medium Negligible	Large Negligible
Micro Negligible	Small Negligible	Medium Negligible	Large Negligible		

Are any of these organisations exempt?	No	No	No	No
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<b>Impact on Admin Burdens Baseline</b> (2005 Prices)			(Increase - Decrease)
Increase	£ 1.7m	Decrease	£ 88.4m
		<b>Net</b>	£ -86.7m

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence	
<b>Policy Option: 3</b>	<b>Description: Redesign the poster with regulatory changes. Businesses required to purchase and display the new poster within 9 months of the new poster being approved by HSE</b>

COSTS	ANNUAL COSTS		Description and scale of <b>key monetised costs</b> by 'main affected groups' £140k one-off cost to HSE for re-designing the poster, staff costs and implementing the changes £4.6m additional costs to business of bringing forward the cost of purchasing the poster to year 1, instead of over an assumed replacement period of 10 years £1.1m cost of extra calls to Infoline
	<b>One-off</b>	<b>Yrs</b>	
	£ 140K	1	
	<b>Average Annual Cost (excluding one-off)</b>		
£ 691k		<b>Total Cost (PV)</b>	£ 5.9m
Other <b>key non-monetised costs</b> by 'main affected groups' N/a			

BENEFITS	ANNUAL BENEFITS		Description and scale of <b>key monetised benefits</b> by 'main affected groups' £28.8m reduction in admin burden through reduction in time needed to fill in the details when initially displaying the poster £63.6m reduction in admin burden through removing the requirement to fill in the local enforcing agency/EMAS details when information changes.
	<b>One-off</b>	<b>Yrs</b>	
	£ Nil		
	<b>Average Annual Benefit (excluding one-off)</b>		
£ 11.1m		<b>Total Benefit (PV)</b>	£ 92.4m
Other <b>key non-monetised benefits</b> by 'main affected groups' There may be health and safety benefits arising from a clearer poster but the magnitude of these effects are difficult to estimate and no attempt has been made here.			

#### Key Assumptions/Sensitivities/Risks

- Estimates for the number of companies affected each year and details of the current administrative burden taken from the Administrative Burden Measurement Exercise.
- The cost of the law poster is assumed to remain at the current price of £7.50, which is the cost to HSE of producing the poster, loss of associated sales and the contribution towards the provision of non-priced publications and maintenance of the website.

Price Base Year 2007	Time Period Years 10	<b>Net Benefit Range (NPV)</b> N/a	<b>NET BENEFIT (NPV Best estimate)</b> £ 86.5m
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What is the geographic coverage of the policy/option?	Great Britain
On what date will the policy be implemented?	N/a
Which organisation(s) will enforce the policy?	HSE, LAs, ORR
What is the total annual cost of enforcement for these	£130k

Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		No		
What is the value of the proposed offsetting measure per year?		N/a		
What is the value of changes in greenhouse gas emissions?		£0		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro Negligible	Small Negligible	Medium Negligible	Large Negligible
Are any of these organisations	No	No	No	No
<b>Impact on Admin Burdens Baseline (2005 Prices)</b>		(Increase -		
Increase	£ Nil	Decrease	£ 92.4m	<b>Net</b> £ -92.4m

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

**Summary: Analysis & Evidence**

<b>Policy Option: 4</b>	<b>Description: Re-design the poster with regulatory changes. Businesses will be granted a 9 month period of grace for replacement, with the new approved poster provided free on an exchange basis for 1 year, subsequent to which the poster will be priced for all.</b>
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<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' £ £140K one-off cost to HSE for re-designing the poster, staff costs and implementing the changes. £1.1m cost of extra calls to Infoline. £9.2m cost to HSE of providing the poster free of charge in year 1
	<b>One-off</b>	<b>Yrs</b>	
	£ 140K	1	
	<b>Average Annual Cost (excluding one-off)</b>		
	£ 1.2m		
<b>Total Cost (PV)</b>			<b>£ 10.5m</b>
Other <b>key non-monetised costs</b> by 'main affected groups' N/a			

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' £28.8m annual reduction in admin burden through reduction in time needed to fill in the details when initially displaying the poster £63.6m reduction in admin burden through removing the requirement to fill in the local enforcing agency/EMAS details when information changes. £4.6m cost savings to employers from receiving the poster free of charge, compared with the costs under the current existing replacement pattern, assumed to be 10 years.
	<b>One-off</b>	<b>Yrs</b>	
	£ Nil		
	<b>Average Annual Benefit (excluding one-off)</b>		
	£ 11.7m		
<b>Total Benefit (PV)</b>			<b>£ 97.0m</b>
Other <b>key non-monetised benefits</b> by 'main affected groups' There may be health and safety benefits arising from a clearer poster but the magnitude of these effects is difficult to estimate and no attempt has been made here			

**Key Assumptions/Sensitivities/Risks**

- Estimates for the number of companies affected each year and details of the current administrative burden are taken from the Administrative Burden Measurement Exercise.
- The costs of the law poster is assumed to remain at the current price of £7.50, which is the cost of producing the poster, loss of associated sales and the contribution towards the provision of non-priced publications.
- It is assumed that all existing companies will take up the free replacement of the poster within the first year

Price Base Year 2007	Time Period Years 10	<b>Net Benefit Range (NPV)</b> N/a	<b>NET BENEFIT (NPV Best estimate)</b> £ 86.5m
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What is the geographic coverage of the policy/option?		Great Britain		
On what date will the policy be implemented?		N/a		
Which organisation(s) will enforce the policy?		HSE, LAs, ORR		
What is the total annual cost of enforcement for these		£1.2m		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		No		
What is the value of the proposed offsetting measure per year?		N/a		
What is the value of changes in greenhouse gas emissions?		£0		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro Negligible	Small Negligible	Medium Negligible	Large Negligible
Are any of these organisations	No	No	No	No
<b>Impact on Admin Burdens Baseline (2005 Prices)</b>		<b>(Increase -</b>		
Increase	£ Nil	Decrease	£ 92.4m	<b>Net</b> £ -92.4m

Key: Annual costs and benefits: Constant Prices (Net)

**Summary: Analysis & Evidence**

<b>Policy Option: 5</b>	<b>Description: Re-design the poster with regulatory changes . Businesses required to .purchase and display the new poster within 5 years of the new poster being approved by HSE</b>
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<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' £0.5m increase in admin burden through increased managerial time spent updating the poster when information changes £140K one-off cost to HSE for re-designing the poster, staff costs and implementing the changes. £1.1m cost of extra calls to Infoline. £1.6m additional cost to business of bringing forward the cost of purchasing the poster by 5 years,
	<b>One-off</b>	<b>Yrs</b>	
	£ 140k		
	<b>Average Annual Cost (excluding one-off)</b>		
	£ 385k		
		<b>Total Cost (PV)</b>	<b>£ 3.3m</b>
Other <b>key non-monetised costs</b> by 'main affected groups' N/a			

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' £26.2m annual reduction in admin burden through reduction in time needed to fill in the details when initially displaying the poster £63.6m reduction in admin burden through removing the requirement to fill in the local enforcing agency/EMAS details when information changes.
	<b>One-off</b>	<b>Yrs</b>	
	£ Nil		
	<b>Average Annual Benefit (excluding one-off)</b>		
	£ 10.8m		
		<b>Total Benefit (PV)</b>	<b>£ 89.8m</b>
Other <b>key non-monetised benefits</b> by 'main affected groups' There may be health and safety benefits arising from a clearer poster but the magnitude of these affects is difficult to estimate and no attempt has been made here.			

<b>Key Assumptions/Sensitivities/Risks</b>			
<ul style="list-style-type: none"> <li>Estimates for the number of companies affected each year and details of the current administrative burden taken from the Administrative Burden Measurement Exercise.</li> <li>The costs of the law poster is assumed to remain at the current price of £7.50, which is the cost of producing the poster, loss of associated sales and the contribution towards the provision of non-priced publications.</li> <li>Some businesses in existence now will not survive throughout the 5 year period and so will not need to replace their poster.</li> <li>Existing businesses will have an incentive to leave replacement of the posters as long as possible within the 5 year period of grace.</li> </ul>			

Price Base Year 2007	Time Period Years 10	<b>Net Benefit Range (NPV)</b> N/a	<b>NET BENEFIT (NPV Best estimate)</b> £ 86.5m
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What is the geographic coverage of the policy/option?	Great Britain
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On what date will the policy be implemented?		6 April 2009		
Which organisation(s) will enforce the policy?		HSE, LAs, ORR		
What is the total annual cost of enforcement for these		£130k		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		No		
What is the value of the proposed offsetting measure per year?		N/a		
What is the value of changes in greenhouse gas emissions?		£ 0		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro Negligible	Small Negligible	Medium Negligible	Large Negligible
Are any of these organisations	No	No	No	No
<b>Impact on Admin Burdens Baseline (2005 Prices)</b>		(Increase -		
Increase	£ 0.5m	Decrease	£ 89.8m	<b>Net</b> £ -89.3m

Key

Annual costs and benefits: Constant Prices

(Net) Present Value

## Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

# Review of the Health and Safety Information for Employees Regulation (HSIER) 1989

## Purpose and intended effect

### Objectives

1. The original objective of the Health and Safety Information for Employees Regulations 1989, hereafter the HSIER, was to ensure that employees are adequately informed and aware of the protection afforded by health and safety legislation by requiring employers to display a health and safety poster or hand out the Health and Safety Executive (HSE) approved leaflet to their workers. A better awareness of legal requirements by employers and employees can improve health and safety standards and reduce workplace risks.
2. The aim of this review was to establish how effective the regulations are in achieving these objectives. It examined the scope for improving the effectiveness of the regulations through amendments of both the content and the format of the information health and safety duty holders are required to provide to their staff. This review also considered how different periods of grace for compliance with these amendments will impact on both business and HSE.

### Background

3. The HSIER requires that employers keep their employees adequately informed about general health and safety law. The regulations state that an employer shall, in relation to each of their employees:
  - ensure that the approved poster is kept displayed in a readable condition at a place which is reasonably accessible to employees while they are at work, and in such a position in that place as to be easily seen and read by employees; or
  - give to the employee the approved leaflet.
4. Employers must make sure that the name of the enforcing authority for the premises where the poster is displayed and the address of the office of that authority for the area in which those premises are situated, is written on the poster in the appropriate space. Alternatively, employers that distribute the leaflet to their employees must provide the supplementary information on a written notice.
5. The poster, which is security proofed to prevent illicit copying and reproduction, is sold on-line by HSE Books. HSE also provides stocks to third party sellers, such as retail booksellers and wholesalers. The leaflet can be ordered from HSE Books in packs of 25 or downloaded free of charge from the HSE website.
6. In 2007/2008, 229 workers were killed at work and almost 300,000 reportable workplace injuries occurred. In addition, more than 2 million people were suffering from an illness they believed was caused or made worse by their current or past work<sup>1</sup>. HSE's most recent estimate is that workplace accidents and work-related ill health cost Great Britain between £20bn and £32bn every year<sup>2</sup>
7. The Health and Safety at Work Act (HSWA) 1974 sets out the duties of employers and employees in managing workplace risks. The Act in itself would not have the

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<sup>1</sup> Health and Safety Statistics 2007/08. Available at <http://www.hse.gov.uk/statistics/index.htm>

<sup>2</sup> HSE Interim Update of the 'Costs to Britain of Workplace Accidents and Work Related Ill Health,' for 2001/02. Available at <http://www.hse.gov.uk/statistics/pdf/costs.pdf>

desired effects if employers and employees were unaware of its content. Hence, the purpose of the HSIER is to ensure that employees are aware of the duties under the HSWA.

### **Rationale for Government Intervention**

#### *Rationale for the regulations*

8. There are two potential benefits of the HSIER. First, if employees had less information than their employers about risks in the workplace and employees were unaware of employers' duties in managing those risks, then employees may take on unnecessarily large risks without being adequately compensated. The HSIER attempts to address such information asymmetries and the market failure that may consequently arise, by reminding both parties of their responsibilities.
9. Second, the regulations may have equity implications if individual workers used the publications as a form of support when challenging their employers about health and safety standards. In other words, the regulations may act as a medium to ensure that the balance of health and safety responsibilities between employers and employees is consistent with the HSWA.
10. A study conducted by the Health and Safety Laboratory (HSL) in 2006 found some evidence that the regulations have the desired effects.<sup>3</sup> Participants in focus groups saw the poster as a reference point and a back up, something that an employee could refer to if they felt their company was breaking the law. They also recognised the usefulness of the poster as a source for contact details for health and safety representatives.

#### *Rationale for Reviewing the Regulations*

11. HSE has given a commitment to work towards a 25% target reduction in administrative burdens by May 2010<sup>4</sup>. As part of the simplification plan, HSE are addressing the administrative burdens resulting from the requirements on employers to provide information to third parties, such as employees. Successful simplification implies reducing the administrative burdens without loss of health and safety protection. The scope of doing so by amending or revoking the Health and Safety Information for Employees Regulations is explored below.

## **Options**

### **Option 1 - Do Nothing**

12. Leaving the legislation in place with no amendments is the base case which the other options are compared against. This has no cost or benefit implications.

### **Option 2 – Re-design the poster with regulatory changes.**

13. The first impression of most participants in the HSL study was that the poster appeared overwhelming and difficult to understand. A common concern was the density of the text, and that the poster looked dull and boring. Participants suggested that the poster could be made more eye-catching by using brighter colours and less text. However, once they had read the information they thought it was relatively easy to understand. In fact, the majority (89%) found that the poster contains the right

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<sup>3</sup> For example, of 194 respondents, 93 percent agreed or strongly agreed with the statement: 'The H&S Law information [on the poster/leaflet] will be helpful in my workplace.' 78 percent of a total of 182 respondents agreed or strongly agreed with the statement: 'I am likely to ask my employer to act on the information given in the poster in the future.' For the full report, see [http://www.hse.gov.uk/research/hsl\\_pdf/2007/hsl0740.pdf](http://www.hse.gov.uk/research/hsl_pdf/2007/hsl0740.pdf)

<sup>4</sup> See <http://www.hse.gov.uk/simplification/abme.htm>

amount of information and disagreed with the statement that 'the presentation of the information could be improved' (77 percent).<sup>5</sup>

14. Redesigning the poster could improve its appeal and make it more effective as a means of disseminating the health and safety information and thereby increasing the benefits of the regulations.
15. Under this option the poster would be re-designed to improve its usability. It would include a box stating 'The enforcing authority including EMAS can be found by contacting Infoline. Tel...' and an optional box to enter the trade union appointed safety representative's contact details. The regulations would be amended to:
  - Remove the requirement for employers to enter their enforcing authority and their office address plus the address of the local EMAS office; and
  - Not require employers who already have an existing poster to purchase and display a new re-designed poster. They would need a new version if the one they have is damaged or if they simply want to buy a new one. New businesses would need to purchase a new poster.
16. Employers who have an existing poster (and do not need to buy the new version) would still need to ensure that their enforcing authority and their office address plus the address of the local EMAS office is updated when a change in the information occurs. However, they could replace the outdated details with 'The enforcing authority including EMAS can be found by contacting infoline. Tel...'

**Option 3 - Re-design the poster with regulatory changes, with businesses required to purchase and display the new poster within 9 months of the new poster being approved by HSE**

17. As with Option 2, but businesses will also be required to replace existing posters and leaflets with the new approved versions within 9 months of HSE approval. This would bring forward any health and safety benefits and administrative burden savings associated with re-designing the poster. The managerial administrative costs associated with the choice not to replace the old posters in Option 2, are not applicable to this option.
18. The costs to existing business of purchasing a new poster will be brought forward, compared to the current existing replacement period which is assumed to be once every 10 years.
19. There will be no additional purchase costs resulting from new entrants to the market as these businesses would also have to buy a poster on start-up under the existing do-nothing scenario, and so their costs are not relevant to this comparison of options.

**Option 4 –Re-design the poster with regulatory changes. Businesses will be granted a 9 month period of grace for replacement, with the new approved poster provided free on an exchange basis for 1 year, subsequent to which the poster will be priced for all.**

20. As with Option 3, any additional health and safety benefits and the administrative burden savings from re-designing the poster would be brought forward. As with Option 3, there will be no administrative costs associated with the managerial update of the old poster.

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<sup>5</sup> See [http://www.hse.gov.uk/research/hsl\\_pdf/2007/hsl0740.pdf](http://www.hse.gov.uk/research/hsl_pdf/2007/hsl0740.pdf)

21. In addition, existing businesses will be able to replace their old poster in the first year at no additional cost and it is assumed that there will be 100% take up of this offer. The replacement costs will therefore fall to HSE, providing a cost saving to business when compared to the existing 'do-nothing' scenario, in which it is assumed that posters will need replacing once every ten years.
22. There will be no additional cost resulting from new entrants to the market as these businesses would have to buy a poster on start-up under existing circumstances, and so their costs are not relevant to this comparison of options.

**Option 5 – Re-design the poster with regulatory changes, with businesses required to purchase and display the new poster within 5 years of the poster being approved by HSE.**

23. As with option 2, but businesses would be required to purchase and display new, approved posters and leaflets within 5 years of them being approved by HSE. Any health and safety benefits associated with the re-designing of the poster, plus the administrative burden savings would be brought forward by 5 years compared to the current assumed replacement period of 10 years in the 'do-nothing' scenario. There will be an administrative cost associated with updating the old poster, which will be incurred over 5 years as opposed to 10 years in Option 2.
24. There would be no overall increase in costs to HSE as the leaflets and poster would be priced publications and so costs recovered. However, there would be some increase in costs to business due to the costs of purchasing the poster also being brought forward by 5 years.
25. There will be no additional cost resulting from new entrants to the market as these businesses would have to buy a poster on start-up under existing circumstances, and so their costs are not relevant to this comparison of options.

## **Costs and Benefits**

### **Data Sources and Assumptions**

26. All financial figures are given in 2007 prices. Financial costs and benefits have been discounted at 3.5 per cent over a ten year appraisal period.<sup>6</sup> It is recommended by HM Treasury that health and safety benefits should be monetised and discounted at a rate of 1.5 per cent. However, it has not been possible to quantify the effect that changing the poster will have on the number of injuries / ill health, and so no monetisation of the health and safety benefits has been possible.
27. Figures from the Administrative Burden Measurement Exercise (ABME)<sup>7</sup> have been used for estimates of the number of firms displaying the poster for the first time each year and the number of firms updating the poster when the information changes. This was also the source for the cost of managerial time and the overall administrative burden caused by the regulations.
28. In keeping with the ABME, full compliance is assumed<sup>8</sup>

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<sup>6</sup> Discounting is the technique which is used to compare cash flows which occur in different time periods and is based on the principle that generally, people prefer to receive goods and services now rather than in the future, see The Green Book, available at <http://greenbook.treasury.gov.uk>

<sup>7</sup> The final ABME report is available at: <http://www.berr.gov.uk/whatwedo/businesslaw/better-regulation/simpplan/page35599.html>

<sup>8</sup> This is not contradicted by total sales figures combined with unique views to the online version of the regulations.

29. The estimates for sales volumes of the poster and leaflets, which have been used in deriving costs and benefits of some of the policy options, rely on the assumption that the sales pattern during the first 10 years following implementation will mirror the last eight year period (1999 to 2007). The 'do-nothing' scenario in option 1 thus assumes that a new version of the poster will be released in the year 1, as was the case in 1999.
30. It is assumed that the costs to an employer of complying with the HSIER amounts to the price of the publication including handling and postage. Since most orders from HSE Books include several items and the poster or leaflets are generally ordered as part of a larger order, the marginal opportunity cost to a business<sup>9</sup> of ordering the poster or leaflets is negligible. Based on the ABME, there is also an administrative burden of £25m per annum associated with the regulations..

### **Financing of HSE Books**

31. HSE Books priced literature is covered by the HM Treasury Fees and Charges Guide, which states that fees and charges should be set to recover the full costs of the service. This applies to the operation as a whole and not to individual publications, which may be priced above or below their costs. In fact, the revenue from the poster and leaflets exceeds the production, storage and delivery costs and a portion of the revenue is used to finance non-priced publications. Therefore, a reduction in the number of posters and leaflets sold, if at the same time keeping the number of remaining publications at the current level, would require a rise in the price of the remaining priced publications.
32. However, because the cover price of HSE literature is printed on the actual publications, changing the price of a publication would require a reprint. It is therefore not feasible in the short run to increase prices of the remaining literature to recover the revenue from lost sales of posters and leaflets. It is assumed that it takes five years for prices to adjust<sup>10</sup>, and in the meantime HSE Books will require additional funding from HSE.

### **Sectors and Groups Affected**

33. Like the regulations in their present form, the policy options considered apply to all employers in Great Britain. Smaller employers and employers that operate at multiple workplaces may face disproportionately high costs of the current regulations but this will not be exacerbated by any of the options considered.

### **Health and Safety Benefits**

34. It is possible that the redesigned law poster might change the behaviour of both employers and employees, with a positive impact on their health and safety at work. However, there is no quantitative evidence available to predict the reduction in injuries and ill health at work which might result. Thus, although it should be noted that health and safety benefits may result from redesigning the poster, no reasonable basis could be found on which to predict the monetary benefits of this.

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<sup>9</sup> The opportunity cost of ordering a publication is the value that the person would have added to the business had he instead spent that time engaged in a productive activity.

<sup>10</sup> The five year assumption is based on the past frequency of reprints of the poster and leaflet.

## **Administrative Burden Benefits**

### **Option 1 – Do nothing**

35. There are no benefits from this option.

### **Options 2 – Re-design the poster with regulatory changes**

36. The Administrative Burden Measurement Exercise (ABME) calculated the total administrative burden of these regulations to be £25m per annum, with £16.7m being the cost of originally filling in and displaying the poster and £7.8m being the cost of updating the poster when the information changes.

37. The estimated monetary benefits from this option would be realised through a reduced administrative burden. Assuming it takes the average employer three minutes to enter the details of their appointed safety representative, using figures from the ABME, the burden to employers of filling in the remaining boxes for the enforcing authority and EMAS on the poster is reduced by £2.9m per annum in relation to initially displaying the poster (or £24.8m over a 10 year appraisal period). In relation to updating information when it changes, the burden is reduced by £7.4m per annum (or £63.6, over a 10 year appraisal period). The administrative burden benefits will apply to both new and existing businesses, but it is assumed that new entrants to the market each year are exactly replaced by those leaving the market, and so the number of businesses consuming the benefits remains constant year on year.

38. The total benefit from this option is £88.4m over the ten year appraisal period with an equivalent annual cost of £10.3m. All the benefits calculated are realised through a reduction in the administrative burden.

### **Option 3 – Re-design the poster with regulatory changes, with businesses required to purchase and display the new poster within 9 months of the new poster being approved by HSE**

39. The administrative burden savings outlined for Option 2 will also apply to Option 3. However, the savings from initially displaying the poster will be brought forward to the first 9 months following the poster approval, as opposed to being accrued throughout the 10 year appraisal period. The total benefits in relation to the initial display of the poster will be £28.8m. Whilst it is assumed that new entrants to the market will also enjoy these administrative savings, it has not been possible to quantify the number of future entrants to the market beyond the first year, and so the administrative benefits from the initial display of the poster for new entrants has not been quantified.

40. The administrative benefits relating to changing information will continue to be achieved after the 9 month grace period and throughout the 10 year appraisal period by both new and existing companies. It has been calculated that the administrative benefit of not updating the poster is £7.4m per annum, or £63.6m over the 10 appraisal period. It has been assumed that those businesses leaving the market will be replaced by new entrants and so the total number of businesses assumed to be in exist in year 1 is held constant over the 10 year appraisal period..

41. The total benefit from Option 3 is therefore £92.4m, with an equivalent annual benefit of £11.1m.

**Option 4 – Re-design the poster with regulatory changes. Businesses will be granted a 9 month period of grace for replacement, with the new approved poster provided free on an exchange basis for 1 year, subsequent to which the poster will be priced for all.**

42. The saving in administrative burden relating to the initial display of the posters will be the same as in Option 3, i.e brought forward to year 1 and totalling £28.8m
43. Again, as with Option 3, the benefits of not having to update the poster when information changes will continue to be achieved after the 9 month compliance period, and throughout the 10 year appraisal period. The administrative benefits in relation to updating the poster are therefore £7.4m per annum, or £63.6m over the appraisal period.
44. Option 4 will also provide a cost saving to business given that the poster will be provided free on an exchange basis throughout the grace period. This cost saving is equivalent to the cost that business is currently paying for the posters under the existing 'do-nothing' option with an assumed replacement period of 10 years. It is only applicable to existing business as new entrants to the market are required to purchase a poster under both this option and the existing 'do-nothing' option. The cost saving has been calculated based on the assumption that at time zero there are 1.2m businesses in existence (in line with ABME), If it is also assumed that the distribution of the age of the posters is even through years 1 to 10 then it would follow that there will be an equal number of posters replaced each year, i.e.120k posters per annum.
45. However, this yearly replacement rate of 120k posters is based on all businesses existing at time zero surviving throughout the ten year appraisal period. In reality, some will not, and so the number of posters replaced each year has been adjusted by the reported survival rates from a DTI Small Business Survey in 2007.<sup>11</sup> Under existing circumstances, the total cost to business of purchasing the law posters over the next 10 years has been calculated as £4.6m. Thus Option 4 will create a cost saving to existing business of £4.6m. The resultant cost to HSE is covered under the 'Costs' section below.
46. The total benefit from this option is therefore £97.0m, including administrative burden benefits of £92.4m and cost savings of £4.6m. The equivalent annual benefit is £11.7m.

**Option 5 – Re-design the poster with regulatory changes, with businesses required to purchase and display the new poster within 5 years of the poster being approved by HSE.**

47. The administrative burden saving relating to the initial display of the poster will be on the same basis as that in Option 2, but will be brought forward by 5 years. It is assumed that there will be an incentive for business to leave replacement until it is absolutely necessary. Given the assumption that current law posters have a life span of 10 years and that at time zero the age of the population of existing posters will be evenly distributed between 0 – 10 years, then at time zero, half of businesses will have a poster which they acquired less than 5 years ago and so will be able to wait the full five years period of grace before replacing their poster. The other half of businesses will have a poster which they acquired between 6 and 10 years ago at time zero, and so will have to replace their poster at some time between time zero and year 4. Such replacement is assumed to be evenly distributed between years 1 – 4.

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<sup>11</sup> Survival rates of VAT Registered Enterprises 1995 – 2004. Key Results. DTI Small Business Survey, February 2007. Available at: <http://www.dtistatistics.net/smes/200702/>

48. Based on this pattern of poster replacement over the 5 year period of grace, the total discounted benefit of initially displaying the poster has been calculated as £26.2m. The number of existing businesses has not been adjusted for their likely survival rate over the 5 years (as explained in paragraph 45). On the other hand, it is not possible to quantify the number of businesses which might enter the market after the 5 year period of grace and so no benefit from new businesses has been calculated. It is assumed that these two effects will offset each other.
49. The administrative saving from not having to update the poster when information changes has been calculated on the same basis as that in Option 2 and is £63.6m over the 10 year appraisal period (as the benefit of not having to update posters will continue to be enjoyed beyond the 5 year replacement period, with the number of new entrants to the market assumed to equal the number of leavers and so the number of businesses held constant over the period).
50. The total administrative burden benefit will therefore be 89.8m over the 10 year appraisal period, with an equivalent annual benefit of £10.8m

## **Costs**

### **Option 1 – Do Nothing**

There are no costs from this option.

### **Option 2 – Re-design the poster with regulatory changes.**

51. There will be minimal costs to HSE associated with supplying Infoline's contact details but these are negligible. Assuming an increase of 50k in call volume to Infoline, HSE will incur £130k annual costs or £1.1m over the ten year appraisal period. There will also be one off costs associated with re-designing the poster, staffing and implementing the changes.
52. There will also be an increase in managerial time spent updating the poster due to the requirement to update any old posters with Infoline's contact details. Assuming that the time spent filling in the appointed safety representative's details plus the time spent entering the new generic details is a total of 10 minutes, there will be an increase in the administrative burden of £1.7m over the 10 year appraisal period.
53. The total costs of this Option are therefore £2.9m over the appraisal period with an equivalent annual cost of £330k.

### **Option 3 –Re-design the poster with regulatory changes, with businesses required to purchase and display the new poster within 9 months of the new poster being approved by HSE.**

54. The following costs of Option 3 are the same as those described for Option 2: additional cost of calls of £1.1m and one off costs of £140k. There will not be any administrative costs associated with the managerial update of the old posters, as all posters have to be replaced within 9 months of HSE approval.
55. There will be an additional cost to employers of £4.63m associated with bringing the costs of purchasing the posters forward, from 10 years to 9 months. (This is calculated with respect to the 'do-nothing' scenario, as described in paragraph 45)
56. The total costs of Option 3 are therefore £5.9m over the 10 year appraisal period, with an equivalent annual cost of £691k.

**Option 4 – Re-design the poster with regulatory changes. Businesses will be granted a 9 month period of grace for replacement, with the new approved poster provided free on an exchange basis for 1 year, subsequent to which the poster will be priced for all.**

57. The following costs of Option 4, are the same as those described for Option 2: the additional calls to infoline of £1.1m and one off costs of £140k. Again, as with Option 3, there will be no costs associated with the managerial update of the old posters.

58. In addition, assuming that all existing businesses take up the exchange offer, then HSE will have to bear the cost of 1.2m posters being replaced in year 1. This has been calculated as £9.2m compared to the ‘do-nothing’ scenario, in which HSE does not bear any of the costs of producing the posters, given that they are charged for.

59. The total costs of option 4 are therefore £10.5m with an equivalent annual cost of £1.2m

**Option 5 – Re-design the poster with regulatory changes, with businesses required to purchase and display the new poster within 5 years of the poster being approved by HSE.**

60. The following costs of Option 5 are the same as those described for Option 2: the additional calls to infoline and one off costs of £140k. As with Option 2, there will also be some administrative costs associated with managerial update of the old posters, but this will only apply to the 5 year grace period, after which all old posters must be replaced. The estimated costs as per ABME of the managerial update (£196k per annum), have been adjusted each year to reflect the assumed replacement rate of posters over 5 years, as described in paragraph 47. An adjustment has also been made for the survival rate of businesses, as described in paragraph 45, given that the administrative costs will only apply to old, existing companies. This gives administrative costs associated with the managerial update of £0.5m.

61. In addition, business will incur costs associated with replacing the posters over a 5 year period rather than 10 in the ‘do-nothing’ scenario. The cost to business over 5 years is adjusted by the expected replacement rate as described in paragraph 47, and the survival rate as described in paragraph 45. This cost is then compared to the cost to business under the existing ‘do-nothing’ scenario, which gives an additional cost to business of £1.6m.

62. The total costs of Option 5 are therefore £3.3m over the 10 year appraisal period, with an equivalent annual cost of £385k.

## **Effects on the Administrative burden**

63. For the purpose of the Administrative Burden Measurement Exercise, it was estimated that the Health and Safety Information for Employees regulations costs employers £25 million a year. The different options would have the following net effect on this figure:

<b>Option</b>	<b>Net effect on administrative burden (10 yr period ) £m</b>	<b>Equivalent annual net effect on administrative burden £m</b>
Option 1	0	0
Option 2	-86.7	-10.1

Option 3	-92.4	-11.1
Option 4	-92.4	-11.7
Option 5	-89.3	-10.7

### **Effects on small firms**

64. Since the HSIER does not apply to the self employed the options considered above impacts those firms with one or more employees. All of the options outlined are likely to imply proportionately greater savings to small organisations or, more generally, to those organisations with relatively few employers per workplace than to large employers. The cost increases to individual businesses are too small to warrant a small firms impact test.

### **Competition Assessment**

65. The proposed options are not expected to have any adverse effects on competition. The existing regulations, which entail a small sunk cost to entrants, are unlikely to constitute a significant barrier to entry.

### **Enforcement Sanction and Monitoring**

66. HSE and local authority inspectors are responsible for enforcing the HSIER. The proposed options would not alter this arrangement.

### **Implementation and Delivery Plan**

67. For transparency, the chosen policy change should be communicated to affected stakeholders in advance of implementation.

### **Other specific impact tests**

68. There are no other expected impacts on specific groups or the environment.

## Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No