

CHARGING

Funding of public services such as health, safety and environmental regulation must be independent of commercial revenue-based considerations to guarantee their independence and retain public confidence.

DISTORTION

Prospect is unhappy with the charging regimes being developed for the Health and Safety Executive since they can distort inspectors' work programmes. We propose a full and proper evaluation of their effectiveness and use to the organisation:

- ◆ charging represents an extra burden on businesses;
- ◆ charging can become a disincentive to good safety practice;
- ◆ charging can introduce distortions into the way in which inspection priorities are determined.

DISTRACTION

Charging takes inspectors away from their main activities. Some feel that they are being turned into revenue collectors, a feeling that may increase if rumoured plans for spot fines for simple breaches of health and safety law are enacted.

Some parts of HSE have operated successful charging regimes in specific areas for some years, but the charging regimes now being developed are for new areas and activities, principally in connection with premises covered by the Control of Major Accident Hazards Regulations – COMAH.

THREAT

Prospect believes that charging poses a serious threat to the proper independent delivery of health, safety and environmental protection.

The problem arises from the links established between the charges levied and the future budgets of the regulators concerned. This link creates a need within the regulator to generate and sustain revenue-earning activity.

When resources are short it is not difficult to see how the conflict between revenue earning work, such as the assessment of safety reports for large chemical companies, will be resourced in preference to non-revenue earning activity, such as the inspection of small chemical companies or other less lucrative areas such as construction or agriculture.

Non-chargeable incident investigations and enforcement may take second place since these are time consuming and do not generate income.

However, looking at real risks the accident statistics tell us that more people die or are injured on construction sites and farms than in chemical plants. Indeed, workplace safety statistics show that a third of workplace fatalities occur in the construction industry.

Even within the chemical industry there are many people getting hurt in small and medium sized companies and, in the current climate, that is non-revenue earning activity for the regulator.

We support the view that high hazard industry needs rigorous regulation but the way this principle has been implemented reduces the efficiency of regulatory activity.

CONSEQUENCES

There are other serious consequences for charging regimes in that there is an inevitable lag between billing and payment. The resulting cash flow problems can have serious consequences for vulnerable non-revenue earning parts of the organisation. For example, the cancellation of research contracts and cutbacks in development work at the Health and Safety Laboratory.

INCOME

HSC board minutes for December 2000 indicate that it is unlikely that the average monthly chargeable hours needed to produce the new COMAH cash forecast will materialise. Inspectors have to meet income targets, which could pressurise them to do more inspections in those workplaces where payment is easier to extract rather than

in those with poorer safety standards. This could also have an adverse effect on inspectors' relationships with employees.

The projected chargeable income at the start of the year (some £3.8 million) has almost halved, reflecting in part the high level of inspector vacancies.

Hazardous Installations Division is short of frontline COMAH inspectors having lost some to the strengthened railway inspectorate. There is also a training gap before the new recruits are in a position to generate income.

HSE reports that industry continues to be resistant to the charging regime and demands extensive documentation and justification of HSE's time incurred, entailing more paperwork for the inspectors involved.

The executive indicates that they need either to find a way of devoting more inspector resource to chargeable work, or to revise downward the estimated income from this source.

Prospect believes the whole approach to charging should be challenged and fully reviewed.