

# **Maximising Resources:** Obtaining Best Value from Health & Safety Spend

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# Introduction

- We all know the potential costs and benefits

- Reduction in accidents
- Lower absenteeism
- Lower staff turnover
- Reduced risk of prosecution
- Increased productivity
- Better reputation



- Accidents including fatalities
- Legal action (statutory and civil)
- Imprisonment
- Lost productivity
- Brand damage
- Increased absenteeism

The key is to balance the cost of compliance  
against the benefits gained

# *Policy Exchange – the think tank for the new politics*

- Health and Safety: reducing the burden
  - Culture of over compliance
  - Rapidly burgeoning health and safety industry
- Lord David Young – IOSH 10
  - H&S is in crisis “at best an object of ridicule and at worst a bureaucratic nightmare”
- 2009
  - 30 mil lost days
  - 250K people injured

# *Many companies waste money !!*

- Ad hoc initiatives
  - Tick box exercises
  - Knee jerk actions
- Excessive audit programmes
- Consultants over selling
- Ineffective use of internal resources
- No overall health & safety strategy



***Risk based approach to health & safety***

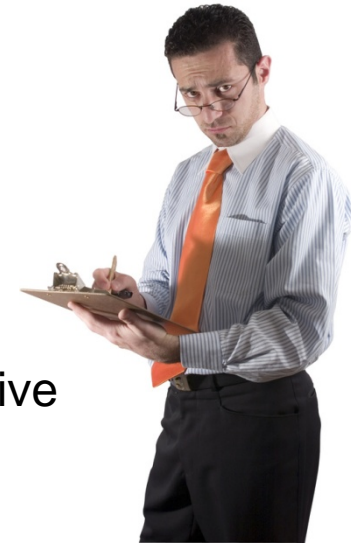
# *Many companies waste money !!*

- Ad hoc initiatives

- Tick box exercises
- A large museum in London had numerous hose reels which they were maintaining and testing in accordance with their PPM and BS EN 761-3. The annual cost of this was approximately £15k. A proper fire risk assessment determined that the hose reels were not necessary – the fire authority agreed and they were decommissioned.
- Knee jerk actions
- How much money has been and is being spent on hand sanitiser as a result of the publicity about bird flu.



# *Many companies waste money !!*



- Excessive audit programmes
- Certain inspections are statutory and the frequency is prescriptive
  - LEV every 14 months
  - Passenger lifts every 6 months
  - Etc
- Most are non prescriptive and should be reviewed as and when circumstances significantly change.
  - For many years a large property company used H&S consultants to undertake annual H&S and fire risk assessment reviews at a cost of over £500k. Based on the risk history the frequency of review was increased on a property by property basis to up to 5 yearly. This resulted in an annual saving of approx £150k.

***As part of your H&S strategy you should ascertain what inspections, audits and risk assessments are being carried out and challenge the need and frequency.***

# ***Many companies waste money !!***

- Consultants overselling
- To quote the Policy Exchange's report:
  - *“rapidly burgeoning health and safety industry, in which consultants have a clear incentive to inflate the level of risk mitigation that must be carried out, both to generate business and protect their reputation”*
- *Challenge the interpretation of “Good Practice”*
  - *BS and ACOP's are guidance only*

***Use consultants wisely in the areas of greatest risk and  
or specialist subjects***

## ***Many companies waste money !!***

- Ineffective use of internal resources
- A small investment in training can enable internal risk assessment reviews e.g.
  - Asbestos re inspections
  - DSE assessments
- In some instances it is cost effective to totally outsource the H&S function.

***A clear strategy should be formulated and be implemented. One size does not fit all !***

## ***Many companies waste money !!***

- No overall H&S strategy
- What standard - BS, ACOP, industry best practice
- How - internal, external or a combination of both
- KPI's – try to build in some form of measurement
- Ensure that the strategy is properly communicated throughout the organisation

***This is one area that good consultants can be of assistance***

# *Reasonably Practicable*

- Invariably it is not possible to eliminate all H&S risks.
- ALARP – as low as *reasonably practical*
- SFAIRP – so far as is *reasonably practical*
- Weighing the risk against the trouble, time and money needed to control it.
- ALARP is non prescriptive:
  - “Good Practice”
  - Cost Benefit Analysis (CBA)

# *Definition – reasonably practical*

- Court of Appeal (Edwards v NCB 1949)
- “‘Reasonably practicable’ is a narrower term than ‘physically possible’ ....a computation must be made by the owner in which the quantum of risk is placed on one scale and the sacrifice involved in the measures necessary for averting the risk (whether in money, time or trouble) in the other, and that, if it be shown that there is a gross disproportion between them – the risk being insignificant to the sacrifice – the defendants discharge the onus on them.”
- Weighted in favour of H&S
- Grossly disproportionate cost must be proved
- There is no simple formula for computing what is ALARP

# Cost Benefit Analysis - CBA

- High hazards, complex or novel situations
- Something is reasonably practicable unless its costs are grossly disproportionate to the benefits.
- If  $\text{Costs} / \text{Benefits} > 1 \times \text{DF}$  (disproportion factor) then the measure is not reasonably practical.
- DF range is 1 to 10
- Costs and benefits must be expressed in a common currency – money.

– Fatality	£1,336,800
– Permanent injury	£207,200
– Serious injury	£20,500
– Slight injury	£300

## *Some fallacies about ALARP*

- Ensuring that risks are reduced ALARP means that we have to raise standards continually
- If a few employers have adopted a higher standard of risk control, that standard is ALARP
- Ensuring that risks are reduced ALARP means that we can insist on all possible risk controls
- Ensuring that risks are reduced ALARP means that there will be no accidents or ill health

## *In summary*

- Health & Safety is a critical element for all businesses
- Formulate a robust and clear H&S strategy applicable to your:
  - Premises
  - Processes
  - Activities
- Communicate the strategy
- Use external resources wisely

# ***Barbour Consultancy Services***

- Specialise in health and safety management
  - Policies and procedures
  - Management systems
  - Compliance cost reviews
- Simply put we:
  - Review your current strategy and costs in relation to your
    - Premises
    - Processes
    - Activities

***Our goal is to ensure a cost effective approach to H&S risk management***