



**The cost of work related injuries, ill health and  
non-injury accidents to the Northern Ireland  
economy**

## **Executive Summary**

### **Introduction**

It is widely recognised that a society that fails to manage health and safety at work effectively carries a heavy burden both in human and financial terms.

HSENI has, since its creation in 1999, actively promoted the argument that businesses, be they in the private or public sector, which treat health and safety as part of the business process can reduce operating costs, increase profits and enhance competitiveness.

This has been taken forward through HSENI's Managing Risk – A Key Investment campaign. So far HSENI has largely relied on estimates of the costs to the NI economy of work related injury and ill health based on GB data.

Recognising the need to establish reliable and accurate NI figures, KPMG Consulting were commissioned to conduct a study to determine the true costs of workplace injury, ill health and non-injury accidents to the NI economy.

A similar study was conducted in GB in 1995/96, "The costs to Britain of workplace accidents and work-related ill health in 1995/96", and the HSENI intends that this NI study will enable comparisons to be drawn between NI and GB.

The outputs will be shared with the Department of Enterprise, Trade and Investment and Invest Northern Ireland, and will contribute to the development of future economic development policies and intervention strategies.

The outputs of the study will be used by HSENI to underpin the promotion of corporate governance and risk management that places health and safety at work at its centre.

### **NI Economy**

The NI economy is dominated by small businesses. There are 84,620 businesses in NI, and of these, 53,065 (62.7%) are owned by sole traders or partners without employees. 99% of businesses employ 50 people or fewer, and 93% employ less than 3 people. Only 830 businesses in NI employ 50 people or more. A further feature of the NI economy is its reliance upon the public sector which provides 31.3% of all jobs in NI.

### **Cost to individuals**

The total cost of injury and ill health to individuals is between £93.47m – £101.26m. This includes:

- Prescription costs (£0.622m).
- Human costs which is the loss of quality of life or general welfare which could result in pain and suffering associated with the injury or illness, the worry and grief caused to

family and friends, and the loss of amenity resulting from incapacity (£67.963m + £9.325m with fatalities).

- Loss of output/income (£13.93m – £20.90m).

### Costs to employers

The total cost to employers of work-related injuries, ill health and non-injury accidents is estimated to be between £99.52m and £370.28m. This is comprised of:

- Administration and recruitment (£4.165m).
- Insurance (£37.52m) - This is a gross underestimate due to the nature of self-insurance, legacy liabilities, and insurance package contracts.
- Damage (£34.484m - £297.470m) – this variation is similar to that found in GB.
- Lost output (£20.90m - £27.86m plus).

### Costs to society

The total cost to society in Northern Ireland of work-related injuries, ill health and non-injury accidents is between £9.848m and £30.374m. This includes:

- Medical treatment (£9.798m - £30.324m)
- Social security administration (£0.04m).

### The cost of work-related injuries, ill health and non-injury accidents to the NI economy

The total cost of work-related injuries, ill health and non-injury accidents to the Northern Ireland (NI) economy is between £210.617m and £493.590m (including fatalities). This is 1.2% and 2.9% of GDP for NI.

### Comparing NI to GB

The table below summaries the cost of work-related injuries, ill health and non-injury accidents in NI and GB respectively (GB results at today's prices).

	NI	GB
Cost of work-related injuries, ill health and non-injury accidents	£0.21 billion to £0.493 billion	£12.42 billion to £17.74 billion
per head of population	£140 – £329	£214 - £306
Percentage of GDP	1.2% and 2.9%	1.7% and 2.4%

### Recommendations

HSENI should:

- Through its sponsor Department, ensure alignment of the costs of work-related injuries, ill-health and non-injury accidents with the Northern Ireland Executive's Programme for Government's priorities of *Securing a Competitive Economy* and *Working for a Healthier People*.

- Ensure that Invest Northern Ireland, together with Northern Ireland’s economic development network, understand the impact on their client companies of the costs of work-related injuries, ill health and non injury accidents.
- Use these baseline figures as a broad performance measure of its impact in delivering its vision of effectively controlling risks to peoples health and safety and thereby contributing to the overall economic and social well-being of NI.
- Continue to promote the business case of managing health and safety at work and in particular it should:
  - Review the Managing Risk campaign
  - Consider a sector specific approach
  - Develop local case studies
  - Consider the special needs of small firms