

**THE EMPLOYER'S LIABILITY (COMPULSORY INSURANCE)
(AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2009
S.R. 2009 No. 85**

Impact Assessment

An Impact Assessment is a tool, which informs policy decisions. All NI Government Departments must comply with the impact assessment process when considering any new, or amendments to, existing policy proposals. Where regulations or alternative measures are introduced an IA should be used to make informed decisions. The IA is an assessment of the impact of policy options in terms of the costs, benefits and risks of the proposal. New regulations should only be introduced when other alternatives have been considered and rejected and where the benefits justify the costs.

The IA process is not specific to the UK Civil Service or the NI Civil Service – many countries use a similar analysis to assess their proposed regulations and large organisations appraise their investment decisions in similar ways too.

Please find enclosed a final IA in respect of the Employer's Liability (Compulsory Insurance) (Amendment) Regulations (Northern Ireland) 2009.

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Summary: Intervention & Options

Department /Agency: DWP	Title: Impact Assessment of changes to Regulations 4 and 5 of the Employers' Liability (Compulsory Insurance) Regulations 1998	
Stage: Final	Version: June 2008	Date: 24 June 2008
Related Publications: A Review of Certain Provisions within the Employers' Liability (Compulsory Insurance) Regulations 1998 and The Government Response		

Available to view or download at:

<http://www.dwp.gov.uk/resourcecentre/ria.asp>

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

To reduce the administrative burden on business from compliance with Regulations 4(4) and 5(1) and (2) of in the Employer's Liability (Compulsory Insurance) Regulations 1998. Regulation 4(4) requires employers retain employers' liability insurance certificates for 40 years. Regulations 5(1) and (2) required employers to display certificates at each place of business and to protect them from damage. Regulation 4(4) was not enforced in practice as it carries no sanction for non-compliance and did not apply to businesses that have ceased to trade. Businesses with multiple sites identified the requirement to display (Regulations 5(1) and (2)) at least one copy of their employer's liability insurance certificate at each of their sites as a burden.

What are the policy objectives and the intended effects?

To remove ineffective regulation and simplify compliance requirements reducing the burdens on business while maintaining protection for employees

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

Regulation 4(4) (Retain employers' liability insurance certificates for 40 years) – Revocation, retention, introducing a penalty for non-compliance, a database. Revocation was preferred as it meets the government commitment only to regulate when necessary. Introducing a penalty or a database were rejected due to excessive costs.

Regulation 5(1) and (2) (Display certificates at each place of business) – Revocation, retention, allowing electronic display. Allowing electronic display was preferred as it reduced compliance costs for business while retaining the protections for employees.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible Minister:

.....Date:

Summary: Analysis & Evidence

Policy Option:	Description:
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups'		
	One-off (Transition) Yrs			
	£			
	Average Annual Cost (excluding one-off)			
	£	Total Cost (PV)	£	
Other key non-monetised costs by 'main affected groups'				

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups'		
	One-off Yrs			
	£			
	Average Annual Benefit (excluding one-off)			
	£	Total Benefit (PV)	£	
Other key non-monetised benefits by 'main affected groups'				

Key Assumptions/Sensitivities/Risks Repeal of Regulation 4(4) will reduce burdens on business by regulation amounting to £37m, although businesses should, as a matter of best practice, continue to retain certificates which will incur similar costs; simplification of Regulation 5(1) and (2) will save business £21m calculated as 60% of the administrative burden of £34m.

Price Base Year 2005	Time Period Years	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?			GB		
On what date will the policy be implemented?			1 October 2008		
Which organisation(s) will enforce the policy?			HSE/Local Authorities		
What is the total annual cost of enforcement for these organisations?			£ N/A		
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?			£ N/A		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro	Small	Medium	Large
Are any of these organisations exempt?		No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)		
Increase of	£ NIL	Decrease of	£ 58m	Net Impact	£ -58m

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.]

What this measure does

This measure reduces the costs incurred by business in displaying the Employers' Liability Compulsory Insurance certificate while still retaining protection for employees. It also reduces burdens imposed on businesses by regulation from the statutory requirement to retain the certificate although we encourage them to retain records as a matter of good practice.

Background

Regulatory reform is essential to Britain's economic and social goals. Good regulation provides essential protection for citizens, consumers, workers and business against risks in society. But the Government also needs to remove regulations which are no longer relevant in today's world and look for every opportunity to simplify those that remain.

The Government is committed to reducing net administrative burdens faced by business and the third sector. The Department for Work and Pensions agreed a target of 25 per cent reductions in administrative burdens.

The Department for Work and Pensions is committed to simplification, and to reducing the administrative burdens that it imposes on business. As part of this regulatory reform, the Department has looked at the Employers' Liability Compulsory Insurance regulations 1998 which impose an administrative cost of £71m on business and the third sector by requiring them to display and subsequently retain ELCI policy certificates. [This was calculated during the Administrative Burdens Measurement Exercise using the Standard Cost Model].

These regulations require businesses to display at least one copy of the current insurance certificate at each of its premises where their employees worked. This is an enormous burden on some employers who have many sites – some of them used very infrequently.

The proposed changes to the regulations do not remove the requirement to display the current certificate of insurance. But they do increase the opportunities for employers to display the certificates by allowing electronic display of the certificate so long as the employees covered by the certificate have reasonable access to it.

Many businesses already provide electronic access to employers' liability insurance certificates in addition to physical display. The change would remove the expense of duplication for these companies without making it more difficult for employees to check the certificate.

The changes made to this regulation would save business administrative costs totalling £21m. The requirement to display the certificate remains. The penalty for non-compliance is a fine of up to £1,000.

The regulations also require business to retain certificates for forty years (from 1999 which is these regulations were introduced). The regulations carry no penalty for not doing this. In addition, the regulations do not apply to businesses that have ceased to trade. As a matter of good practice, we would expect businesses to maintain such records to ensure that they can meet the cost of any claims made against them for illness or injury at work and will issue guidance to that effect. Failure to do so could mean the legal costs and compensation being met by the business rather than the insurance provider.

The proposed repeal of the regulation requiring retention for forty years would reduce burdens imposed on business by regulation amounting to £37m although businesses should, as a matter of best practice, continue to retain certificates which will incur similar costs.

Equality Impact Assessment

Name of policy:

The Employers Liability (Compulsory Insurance) (Amendment) Regulations 2008

Name and contact details of the officer(s) responsible for the assessment:

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Purpose and aim(s) of the proposal or change:

This measure reduces the costs incurred by business in complying with regulations 4(4). The proposed repeal of the regulation requiring retention for forty years would reduce burdens imposed on business by regulation amounting to £37m although businesses should, as a matter of best practice, continue to retain certificates which will incur similar costs. and 5(1) and (2) of the Employers Liability (Compulsory Insurance) Regulations 1998 while retaining protection for employees. The regulations relate to the display and retention of Employers' Liability Compulsory Insurance certificates.

Who will benefit mainly from this proposal or change?

Businesses will benefit through reduced compliance costs.

Equality impact of the policy

This is a deregulatory simplification measure which will benefit businesses. There is no evidence the policy discriminates directly or indirectly against people from some racial, gender or disability groups, nor can it be seen to favour one racial, gender or disability group over another. The policy has a neutral impact on equality.

Specific Impact Tests

The recommended changes are deregulatory simplification proposals. Initial filter tests have been undertaken, indicating that specific impact tests are not necessary for this proposal.

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	No	No
Small Firms Impact Test	No	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No

Annexes

**EMPLOYER'S LIABILITY (COMPULSORY INSURANCE) (AMENDMENT)
REGULATIONS (NORTHERN IRELAND) 2009**

NOTE ON COSTS AND BENEFITS

1. I declare that:

(a) the purpose of the Employer's Liability (Compulsory Insurance) (Amendment) Regulations (Northern Ireland) 2009 ("the Northern Ireland Regulations") is to add the following bodies to the exemptions specified in Schedule 2 to the Employer's Liability (Compulsory Insurance) Regulations 1999 ("the 1999 Regulations") (S.R. 1999 No. 448), which specifies those employers exempted from employers liability insurance under the Employer's Liability (Defective Equipment and Compulsory Insurance) (Northern Ireland) Order 1972 (S.I. 1972/963 (N.I. 6)):-

- (i) The Charity Commission for Northern Ireland;
- (ii) The Health and Social Care Regulation and Quality Improvement Authority;
- (iii) The Northern Ireland Library Authority;
- (iv) The Patient and Client Council;
- (v) The Regional Agency for Public Health and Social Well-being;
- (vi) The Regional Business Services Organisation; and
- (vii) The Regional Health and Social Care Board;

and to remove the following bodies:-

- (i) The Health and Social Services Boards established under Article 16 of the Health and Personal Social Services (Northern Ireland) Order 1972 (S.I. 1972/1265 (N.I. 14));
- (ii) The Mental Health Commission for Northern Ireland;
- (iii) The Northern Ireland Central Services Agency; and
- (iv) The Staffs Council for Health and Personal Social Services.

Great Britain have made Regulations entitled the Employers' Liability (Compulsory Insurance) (Amendment) Regulations 2008 (S.I. 2008/1765) which came into force in Great Britain on 1st October 2008. The Northern Ireland Regulations will mirror regulation 2 of the Great Britain Regulations.

(b) I am satisfied that there are no additional costs to business associated with the Regulations.

2. An estimate of the costs and benefits associated with the Great Britain Regulations, together with the effect on the Northern Ireland costs and benefits is appended to this Note.

M. Bohill

A Senior Officer of the Department of Enterprise, Trade and Investment

APPENDIX

PART II

NORTHERN IRELAND COSTS AND BENEFITS

Employer's Liability (Compulsory Insurance) (Amendment) Regulations (Northern Ireland) 2009

1. In Great Britain, it was concluded that costs incurred by business would be reduced by removing the requirement to retain a copy of their employer's liability insurance certificate for 40 years, and by the introduction of new provisions under which the requirements for the display of the certificate would be satisfied if the certificate is made available in electronic form and is reasonably accessible to the relevant employees.
2. The analysis and considerations set out in the GB Impact Assessment can be applied directly to Northern Ireland. It is estimated that the proposed removal of the requirement to retain ELCI policy certificates would remove administrative burdens of £925K on NI business. It is further estimated that the proposal to allow business to provide a copy of the certificate on reasonable request and to allow electronic display would reduce the administrative burden on NI business from £850K to £510K.
3. Overall it is considered that there should be no significant impact on NI business. These conclusions were set out in the consultative document and consultees were specifically asked to comment on that conclusion. No comment was made on that aspect of the proposals.