

Summary: Intervention & Options

Department /Agency: DWP	Title: Impact Assessment of proposed changes to Regulations 4 and 5 of the Employers' Liability (Compulsory Insurance) Regulations	
Stage: Partial	Version: #1 - June 2007	Date: 22 June 2007
Related Publications: The Employers' Liability (Compulsory Insurance) Regulations 1998		

Available to view or download at:

<http://www.dwp.gov.uk/consultations/2007/>

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

The Admin Burdens Measurement Exercise identified the administrative burdens arising out of the requirement to display and subsequently retain Employers' Liability Compulsory Insurance (ELCI) policy certificates at £71m. Regulation 4 (£37m) requires the retention of policy certificates for 40 years. Regulation 5 (£34m) requires that the certificate is displayed at all business premises to enable inspection by enforcement authorities and employees. The review of the regulations has provided some options for reducing the burden on business caused by these regulations.

What are the policy objectives and the intended effects?

To reduce the administrative cost to business of complying with regulation while retaining protection for employees.

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

Repeal regulation 4 and amend the current published guidance to ensure that businesses are aware of the remaining requirement to have ELCI and their potential liability for injury claims. Introducing a database is cost prohibitive and introducing and enforcing a penalty will increase costs to enforcement bodies.

Simply regulation 5 to permit businesses to comply in a manner that is most cost effective for them. This will include allowing electronic display. Repealing the regulation would not retain sufficient protection 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 consultation 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:



Date: 25/06/07

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)		
	£ (58m)	Total Cost (PV)	£ (58m)
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 will eliminate all related admin burdens (£37m); simplification of regulation 5 is estimated to save 60% of the related admin burdens; as measured by the Admin Burdens Measurement Exercise.

Price Base Year	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?			6 April 2008		
Which organisation(s) will enforce the policy?					
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

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.]

The Admin Burdens Measurement Exercise (ABME) identified the administrative burdens arising out of the requirement to display and subsequently retain ELCI policy certificates at £71m. Regulation 4 (£37m) requires the retention of policy certificates for 40 years. Regulation 5 (£34m) requires that the certificate is displayed at all business premises to enable inspection by enforcement authorities and employees. The review of the regulations has provided some options for reducing the burden on business caused by these regulations.

The Department proposes to repeal regulation 4 (retention) and to provide guidance to business on the advisability of the preservation of insurance records to ensure that any liability for long tail diseases is met by the insurance cover. The removal of this requirement would remove admin burdens of £37m.

The Department proposes to amend regulation 5 (display), to allow business to provide a copy of the certificate on reasonable request and to allow electronic display. This change would also be complemented by guidance. This would provide business with the flexibility to minimise any admin costs imposed by the regulation. It is estimated that the removal of the requirement to protect certificates from damage and the simplification of the regulation through allowing electronic display, will reduce admin burdens by 60% (£21m)

The recommended changes are deregulatory simplification proposals. We have undertaken the initial filter tests and do not believe that specific impacts are likely with 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