

Mr Ian Lavery (Wansbeck):

What estimate the Health and Safety Executive has made of the annual cost to the economy of inadequate workplace health and safety. [58784]

Suggested Reply:

The Health and Safety Executive estimates that the total annual cost to Great Britain of workplace injuries and work-related ill health is currently in the order of £20 billion.

Background – Ian Lavery MP (Labour)

- Elected to Wansbeck constituency in May 2010
- PPS to Harriet Harman as deputy Leader and Chair, Labour Party; deputy leader of the Opposition, Shadow SoS for International Development.
- Select Committees: Member of the Northern Ireland Affairs, Regulatory Reform, Energy and Climate Change
- Interests: Local regeneration, employment, energy and climate change, poverty, internationalism, sport.

Previous correspondence with HSE

- 24 Nov 2010 – Wrote to Minister for Employment seeking his views and thoughts on “Common Sense, Common Safety”, and in particular the abolition of the Adventure Activities Licensing Authority (which he opposes)
- July 2010 – Asked a Parliamentary Question on the numbers of fatalities, major accidents and major injuries reported under RIDDOR in Wansbeck, Northumberland and the UK in the last 12 months.

Current estimates

- HSE's current best estimate is that the total cost to society of workplace injuries and work-related ill health in Great Britain is in the region of £20 billion per annum.
- The total includes costs to individuals and their dependents (notably the pain, grief and suffering from work-related injuries and ill health), to employers (in sick pay etc) and to the government (mainly NHS costs, benefits paid and taxes lost).
- This estimate takes account of previously published figures and indications from an ongoing research project.
- This estimate does not include the costs of long-latency disease, due to a historical lack of data on such work-related conditions.

Research to update the estimates

- HSE is currently undertaking research to update the estimates of the cost to Britain of workplace injuries and work-related ill health. This research is now in its final stages and new estimates will be published as soon as they are available. It will also provide a more usable model which means the cost estimates can be updated annually in future.
- HSE has been working to update these figures with leading academics in the field of valuation and with other Government Departments.
- HSE is also working on estimating the costs of long latency disease, in particular occupational cancer. These costs could add significantly to the total.

Valuation of life and health

- The techniques used by HSE for estimating the costs of fatalities, injuries and ill health are standard across government and recommended by the Treasury Green Book.
- These are not costs that would be accepted in compensation for injury or illness. They are values which reflect society's preference for risk reduction before the event.

Distributional impacts

- The majority of the cost of occupational injuries and ill health fall on individuals and government, with a much lower proportion falling to employers. If motivated by costs alone, employers would not invest in health and safety at the level that would be optimum for society. This is part of the economic rationale for government intervention in this area.

Previous estimates

- An interim update of the Cost to Britain of workplace injuries and work-related ill health was produced for 2001/02. This estimated that total costs were somewhere between £20 billion and £32 billion.
- Prior to this, a comprehensive update of the cost estimates was performed for 1995/96, which estimated the costs to society of workplace injuries, work related ill health and non-injury accidents to be between £14 billion and £18 billion.