



CRONER-I THE REAL COST OF HEALTH & SAFETY

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ALL ABOUT YOUR CRONER-I HEALTH AND SAFETY GUIDE

At Croner-i, advising businesses on best practice is what we do best. We provide information services for professionals in business, tax, and accounting through our comprehensive online portal.

In this guide, we'll show you how to calculate the costs of getting health and safety wrong. This should give you a solid introduction so you can and see why it's important to put together a plan, check legislation, and keep your whole company safe. That way, you can avoid employee injuries, big fines, and potential jail time.

Here we look at the costs of work-related injuries and illness, explain how the cost to business of poor health and safety management can be calculated – and how organisations like yours can make use of this important data.

At the XXI World Congress on Safety and Health at Work in September 2017, the European Agency for Safety and Health at Work (EU-OSHA) together with the International Labour Organization (ILO) presented on the cost of poor occupational health and safety management. Their findings revealed that work-related injury and illness is costing the EU 3.3% of its GDP, which equates to approximately €476 billion each year.

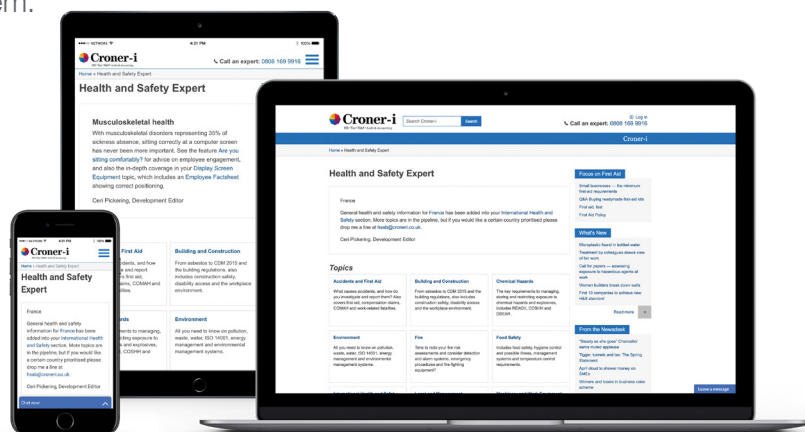
The high numbers of accidents resulting in death, injury and ill health from exposure to health hazards and incidents have costs for employees, employers and society. Here, we'll look at the costs that can affect you as a company, and how to calculate them.

If you need more information, we have it all on our main service. This is where you'll find in-depth guides for different industries and sectors, and our excellent legal register tool, along with checklists, tools, and model documents.

It isn't just health and safety we're concerned with – you can also get all the info and tools you need for HR, trade, care, tax, accounting, and so much more.

To get all that, however, you'll need to subscribe to our complete service. Visit croneri.co.uk for more information or give our team a call on **0800 231 5199** to book a demo.

Establishing costs can be complex and time-consuming – so as a result, it's not a task that many organisations undertake. However, if a business takes the time to understand the scope and scale of costs (or even potential costs), it's able to make better-informed decisions on resourcing and implementing health and safety management. When faced with “real” data and statistics, managers and decision-makers are better placed to ask themselves whether they can afford workplace injury or ill health, and what actions they should take to prevent it.



HOW TO CALCULATE THE COSTS

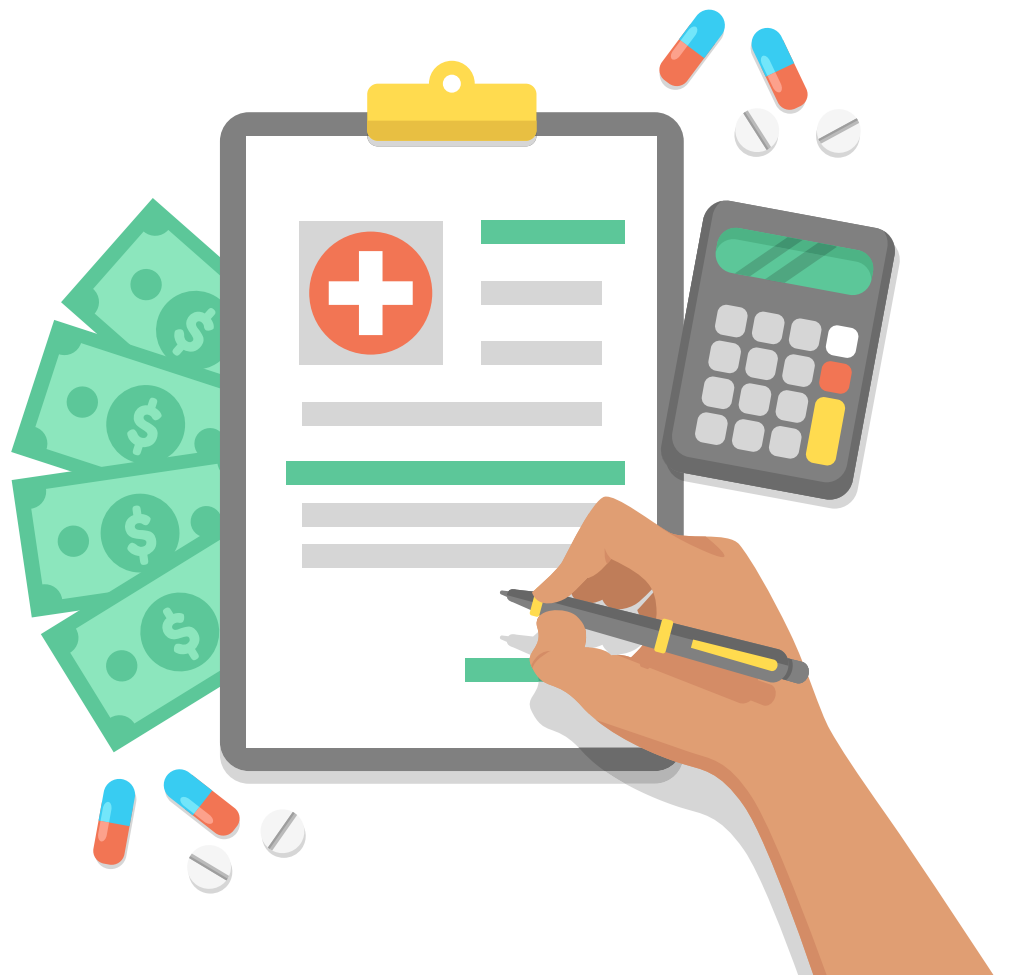
Ideally, organisations would put a process in place for calculating costs as part of their normal health and safety management system. Calculations can be for a single, perhaps significant incident, or they can be a wider calculation over a period of time. They can be organisation-wide or focus just on certain work areas or parts of an organisation, such as the highest risk areas.

Calculating costs of accidents, incidents and ill health for a business involves accounting for the many and varied ways the organisation is impacted. Some of these costs may be immediate, such as first aid, medical care, and loss of productivity. Others can be short and longer term, such as sickness absence, replacing staff, retraining, ongoing medical care, increased insurance premiums, and the legal and administration costs from a common law claim or prosecution.

Costs are generally broken down into two areas: time spent, and hard costs.

Time spent is calculated as hours and then multiplied by the wage or hourly rate for the time of the person in question. It can also include fees for external support, such as lawyers and consultants, or may have to be multiplied to cover various people's time.

Hard costs are more fixed and can include, for example, replacing equipment or increased insurance premiums.



WHAT COSTS SHOULD BE CONSIDERED?

The costs you need to consider when calculating the outcome of poor or non-existent health and safety management will depend on the type of incident, injury or ill health. However, as a guideline, they would typically include the following:



INCIDENTS COSTS

These are the costs that will be incurred at the time of the incident. That includes: time to provide first aid, time taken to transport the injured person to hospital/clinic or home, lost productivity for all involved, time to make the work area safe, the cost of first aid supplies and equipment used.



INVESTIGATION COSTS

These are the costs incurred when the company looks into the incident. They include the time taken to investigate the injury, to complete an incident investigation report, general paperwork and company records. For more serious incidents and injuries, time may also be required to report incidents to the Health and Safety Executive (HSE) and assist with its investigations, including stopping production until you have permission to proceed. After any incident there will be follow-up meetings with workers, their representatives or safety committee members, to discuss the findings and required changes to procedures and processes. Time may also be spent with the injured worker and their family.



DAMAGE COSTS

The costs associated with sorting out damage to the workplace. They include: the time to assess the damage (whether it's property, equipment or material), time to repair or replace equipment, to co-ordinate repair work and clean up. Costs may also include contractors and materials for clean up, salvage, and rental costs of equipment to cover the period until normal operations recommence.



REPLACEMENT COSTS

This may include the time it takes to hire or relocate a replacement worker, rescheduling workers' activities, and training for the new worker – as well as the costs to hire or recruit them.



PRODUCTIVITY COSTS

Including lost productivity or work time due to the disruption, and costs associated with closing down a work process or activity.



ADMINISTRATION COSTS

Including the time spent managing injured workers, their injury or ill health, their absence from work, and their change of work activities until they are ready to return to their role. There may also be costs associated with a prosecution or a common law claim by the injured worker. Legal fees and common law claim may be covered by insurance; however, penalties are not.

For instance, let's say a manual worker injures themselves while using a drill. To calculate the cost of the injury, you would need to think about costs associated with:

- The time spent attending to the injury, getting the employee to hospital, and lost productivity from both the injured worker and anyone else who helped them
- The paperwork, incident reports, investigations into how the injury happened and how to stop it happening again, and relaying this to everyone else on the floor
- Replacing the drill and anything else it may have damaged
- The injured employee's paid absence while they recover, and pay for a replacement worker to cover their shifts – along with the cost of training them on drill use
- Potentially, the cost of a fine or penalty, or a legal claim from the injured party

The list above also does not include the less tangible costs of a workplace incident – such as poor employee morale, absenteeism, negative customer relations, loss of business reputation, and the effect poor accident or incident management has on an organisation's overall safety culture.

PRESENTING COSTS

Having established the costs, it is important that these are analysed and presented in a way that can be clearly understood. Graphs and visuals are excellent ways of presenting data, particularly within a health and safety performance report or a business case for management that can be talked through. Data can provide a base for future comparison, and it can be benchmarked against other organisations, the wider industry and nationally available figures.

By taking the time to calculate costs, an organisation will have an understanding of the range of costs incurred and their extent. For organisations that need to determine resourcing for health and safety or demonstrate a return on investment, you can present savings that have been or could be made by preventing work place incidents, injury and ill health.

YOUR HEALTH & SAFETY PLAN

With a proper health and safety policy in place, all those costs can be kept to an absolute minimum. In the case of the drill injury, for example, the resulting cost of the incident could be reduced with a policy that ensures:

- equipment is kept in good working order
- employees are trained on how to use it
- first aiders can attend to the injury quickly
- processes for reporting incidents are efficient and fast

If you can prove the company has a solid health and safety process, it also reduces the chance that you'll have to pay out a large sum in fines or legal claims from the injured employee.

For more guidance on creating a health and safety policy, and access to the right legislation that your industry or workplace needs to follow, visit our site at www.croneri.co.uk.



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