COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 21.2.2007
SEC(2007) 216

COMMISSION STAFF WORKING DOCUMENT

Accompanying document to the

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Improving quality and productivity at work:
Community strategy 2007-2012 on health and safety at work

Executive summary of the Impact Assessment

{COM(2007) 62 final}
{SEC(2007) 214}
{SEC(2007) 215}

1. Introduction

This impact assessment accompanies the Communication setting out a Community Strategy on Health and Safety at Work for 2007-2012. It builds on the analysis of data available from Eurostat, Labour Force Surveys, European Surveys on Working Conditions, national and international studies and the results of the evaluation of the previous Community Strategy covering the period 2002-2006. It is difficult to assess the impact of the new Community Strategy as most of the action will be taken downstream; therefore this document will focus on explaining the fundamental reasons for the new Community Strategy and assessing the general effects that the Strategy might have if it triggers an appropriate response by all stakeholders at different levels.

2. What issue is the policy expected to tackle?

2.1. The extent of the problem in economic and social terms

Many workers across the EU are exposed to different risks at their workplaces: chemical, biological and physical agents, adverse ergonomic conditions, a complex mix of accident hazards and safety risks, together with various psycho-social risk factors. Although significant improvements were made in occupational safety and health (OSH) performance in the EU in the period covered by the previous Community Strategy (2002-2006), there is still considerable room for progress.

Accidents at work and work-related ill health are still a heavy burden in social and economic terms, and action to improve health and safety standards at work offers great potential gains not only to employers, but also to individuals and society as a whole.

The scale of the problem is illustrated by the number of accidents at work. Every year there are more than 4 million accidents at work in the EU. If accidents causing no absence from work or an absence of up to 3 days are added, the estimated total number rises to more than 6 million. In 2004 there were about 4 400 fatal accidents at work.

The consequences of accidents at work and of work-related ill health are multiple and complex. As factors relating to the working environment account for approximately one third of sick leave, potential exists to reduce sick leave by improving the working environment.

The total costs of accidents at work and work-related ill health are not equally divided between the different players. For victims of accidents absence from work means lower income, especially if the absence is lengthy. The costs due to loss of income were estimated at 1.18 billion euros and the other costs, such as non-reimbursed costs of health care or rehabilitation, at around 0.18 billion euros in EU-15 in 2000[1].

Employers face costs linked to sick pay, loss of productivity and replacement of the absent workers, which could have a negative impact on the company's competitive position. The burden of accidents and ill health goes beyond the costs of absenteeism. Just a small proportion of the costs that arise following an accident or incident is covered by insurance.

[1] Statistical analysis of socio-economic costs of accidents at work in the European Union, Eurostat.

The ratio between the insurance premium paid and uninsured losses ranges from 1:8 to 1:36[2]. This is described as an iceberg effect, with the majority of losses uninsured and hidden.

One group particularly affected by the costs of accidents are small and medium-sized enterprises, as they account for 82% of all occupational injuries and 90% of all fatal accidents[3]. The relative impact is greater than on comparable large enterprises, key workers cannot be easily or quickly replaced and short-term interruptions of business can lead to loss of clients and important contracts.

Part of the burden, such as the cost of health care, rehabilitation and social security payments to victims of accidents, is borne by society as a whole. The total cost of accidents at work to the EU economy in the most recent year for which detailed information is available (2000) is estimated at around 55 billion euros, equivalent to 0.64% of GDP for EU-15 in 2000[4]. This estimate covers only accidents at work; other work-related health problems are not included. According to surveys, such problems cause even greater losses of working time or health care costs. In macroeconomic terms the cost of accidents at work and of occupational diseases in EU-15 ranges from 2.6% to 3.8% of gross national product (GNP). According to some studies, the estimated costs of work-related illness per worker are at least three times higher than the costs of prevention[5].

Occupational injuries and illnesses also produce a variety of **social** consequences. Injuries caused by accidents and work-related ill health can lead to temporary or permanent incapacity to work. According to the ad hoc module of the 1999 Labour Force Survey (LFS), about 5% of victims who have recovered from an accident at work cannot return to the same job. Restricted opportunities to work often influence vocational functions and psychological and behavioural responses leading to social exclusion, which has repercussions at many levels and adds to the costs for social security systems. Moreover some groups, such as temporary workers, immigrants, disabled and young and old workers are at greater risk of suffering from poor health and safety conditions at work.

2.2. What are the risks inherent in the initial situation?

Two trends were identified as the main risks inherent in the present situation. The first is linked to the fact that the reduction of occupational risks is not homogeneous. Certain categories of workers, e.g. young workers, are over-exposed to occupational risks, certain categories of enterprises, e.g. SMEs, are more vulnerable and certain sectors still have high incidence rates of accidents at work and occupational diseases[6].

---

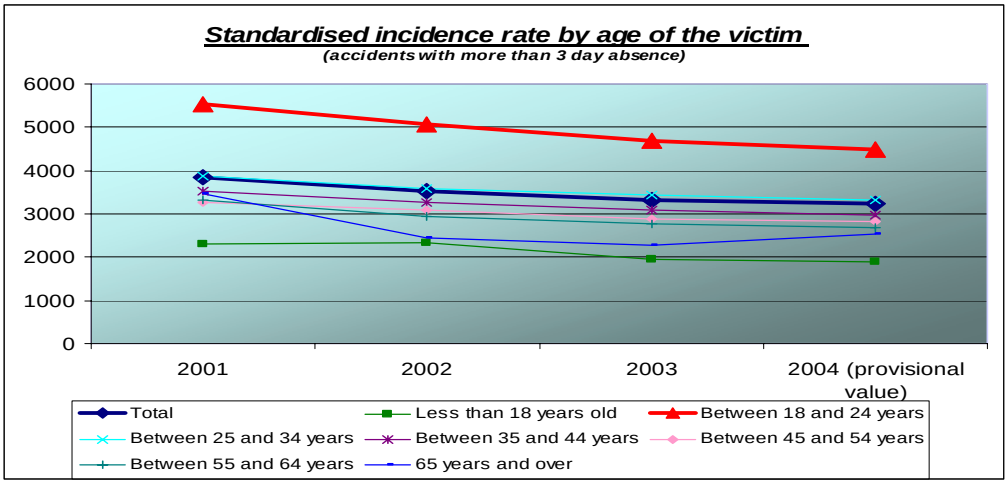
2 http://www.hse.gov.uk/costs/costs_overview/costs_overview.asp.

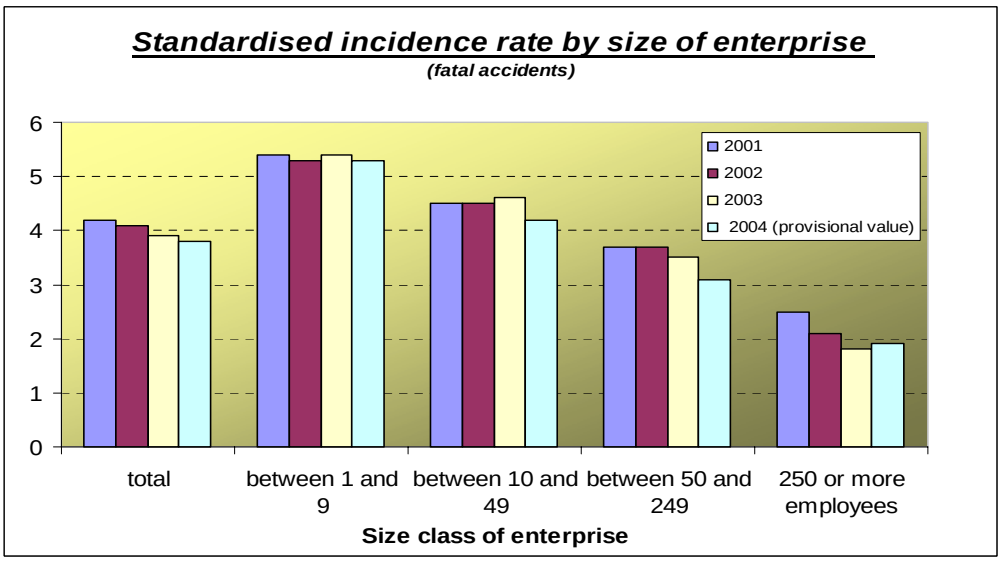
3 http://sme.osha.europa.eu/.

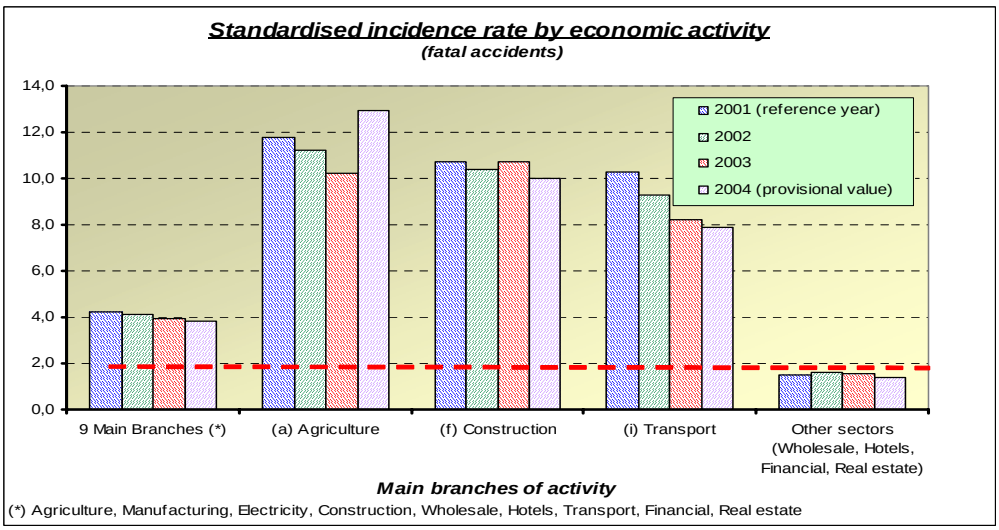
4 Statistical analysis of socio-economic costs of accidents at work in the European Union, Eurostat.

5 The cost of poor working conditions, European Foundation for the Improvement of Living and Working Conditions.

6 Standardised incidence rate is calculated by giving each branch the same weight at national level as in the European Union. For full methodology refer to: European Statistics at Work (ESAW) Methodology – 2001.







Source: Eurostat

The second trend is linked to the changing nature of occupational risks in the context of the rising pace of innovation and changes in working life.

As regards the levels of practical implementation of the Community legislation on health and safety at work, there are still significant differences between Member States. Deficiencies in target-setting and in monitoring progress towards attaining policy objectives have also been identified as common weak spots in many Member States.

2.3. What would happen under a "no policy change" scenario?

If the status quo were maintained and no special attention were paid to the challenges that exist, the response to the new risk trends, in terms of general policy action and specific prevention measures, might not be sufficient. Stagnation or, in the worst-case scenario, an increase would be expected in incidence rates of accidents at work (especially in high-risk sectors such as construction, agriculture, transport or health and social services), missing the opportunity to lighten the social and economic burden that accidents at work and occupational diseases place on the EU.

Perpetuation of the differences in practical implementation of the minimum requirements set in the EU directives across the European Union would hinder establishment of a level playing field for EU businesses and could be conducive to competition based on low standards for working conditions.

2.4. What is the driving force for action?

One of the central commitments in the Lisbon Strategy to increase employment and productivity by enhancing competitiveness calls for an intensified effort by all players to improve OSH performance in the EU. The role of OSH in improving business competitiveness and productivity by reducing the cost of accidents, incidents and ill health and promoting higher workforce motivation is paramount. Occupational risk factors are responsible for 8.8% of the global burden of mortality and 8.1% of DALYs[7] due to unintentional injuries worldwide[8]. The magnitude of the occupational ill health burden is overwhelming, and the causes behind it are multiple and complex. The scale of the problem calls for an integrated, coordinated and strategic response and joint development of national policies by the major stakeholders in the European Union.

3. What are the main objectives the policy is expected to achieve?

The goal of the new Community Strategy continues to be to involve all players in achieving modern, effective and efficient health and safety for Europe, which will reduce the accident and ill-health record and be positive for employability and business. The main objective of the new Strategy is to obtain a continuous, sustainable and homogeneous reduction of occupational accidents and diseases in the EU by:

– fostering development and implementation of coherent national strategies;

---

[7] DALYs – Disability-Adjusted Life Years. DALYS for a disease are the sum of years of potential life lost due to premature mortality in the population and the years of productive life lost due to disability for incident cases of the health condition.

[8] Moving Knowledge of Global Burden into Preventive Action, Gerry J.M. Eijkemans, Jukka Takala, American Journal of Industrial Medicine.

– keeping the body of legislation suitable for the changing world of work;

– stimulating commitment and motivation on the part of more employers and workers;

– adopting a new approach to occupational health in the context of demographic trends;

– improving monitoring of progress.

The overall objective is a 25% reduction in the incidence rates of accidents at work and occupational diseases at EU level during the period 2007-2012.

4. What are the main policy options available to achieve the objectives?

In order to consolidate a culture of risk prevention and achieve the strategic objectives, it is necessary to combine a variety of policy instruments, such as legislation, social dialogue, progressive measures and best practices, corporate social responsibility, economic incentives and mainstreaming. The new Community Strategy calls for action by players at all levels: European, national, local and workplace. When Member States develop their national strategies they should set targets and priorities for their national action and choose appropriate policy instruments, based on an in-depth multi-dimensional analysis taking into account social, economic and environmental factors.

As comprehensive Community legislation already exists, action at Community level will focus mainly on updating and simplifying existing legislative measures without lowering existing standards of protection. This effort should be accompanied by similar undertakings on the part of Member States to simplify their own legislation on health and safety at work. To make practical implementation of the legislation easier, the Commission will continue its work on providing non-binding guidelines. It will foster stronger cooperation in the field of enforcement with the aid of the activities of the Senior Labour Inspectors Committee (SLIC) which will continue its exchanges of good practice and experience and focus more on identifying practical implementation problems of significance to different Member States.

To increase the motivation of employers and workers it is necessary to develop policies focusing on bringing about a change of attitudes by making health and safety an integral part of education and training. Targeted support to SMEs should also be provided. It is also necessary to ensure better information and to raise awareness in the workplace by sharing best practice in the field.

A new approach to occupational health in the context of demographic trends should take into account measures ensuring that particular needs of some groups of the labour force are not neglected. Member States are invited to develop OSH policy instruments encouraging reintegration of the disabled into the labour market, valuing the contributions of both older and younger employees and meeting the specific needs of migrant workers.

5. Impact of the Strategy

5.1. Economic impact

The impact of the Strategy in economic terms should take the form of reduction of the direct and indirect costs of accidents and work-related health problems to the worker affected, the worker's family, employers and society.

As a policy action document the Strategy introduces no new specific health and safety requirements, and therefore leads to no additional compliance costs to enterprises. It recommends better implementation and enforcement of the existing legislation. Implementation of the minimum requirements contained in the EU directives across the European Union will establish a level playing field and prevent competition based on low standards for working conditions.

It is difficult to assess the detailed impact since most of the action will be taken downstream and depends on the involvement of stakeholders at different levels. However, as the overall objective of the Strategy is a 25% reduction in the incidence rate of accidents at work, the expected results in economic terms will mainly consist of reduction of the overall costs of accidents, of absenteeism and of the burden of ill health (costs of treatment and hospitalisation). Should this objective be achieved, it would avoid losing more than 137.5 million working days due to accidents at work and occupational diseases. Reducing absenteeism means reducing the costs to employees, employers and insurers. It has a direct impact on national economies, given the medical and social security costs and the loss of output resulting from reduction of the labour force.

Comparison of the estimated costs resulting from work-related illness with the costs of prevention shows huge potential for a positive economic impact from good OSH prevention. According to some studies, the estimated costs as a result of work-related illness per worker are at least three times higher than the costs of prevention. Moreover, good OSH brings many business benefits. A positive safety culture is an important part of maintaining staff morale and commitment to the enterprise. It also helps to build a good image and relations with business partners.

5.2. Social impact

In social terms policy defined in a strategic framework helps to change workers' and employers' perception of risks thanks to the learning process and better awareness of the problems and ways to tackle them. The resultant better understanding of the role of health and safety at work and the true commitment on the part of workers and employers will make it possible to take OSH beyond compliance with legislation and open up an opportunity to create better job satisfaction and well-being at work.

The main social implications of the Strategy on employment and social inclusion for different groups of the workforce are as follows:

– The disabled: good OSH processes could help accident victims or the chronically ill to retain their job or return to work. Timely rehabilitation combined with early intervention prevents escalation of the condition and loss of skills/motivation on the part of injured workers.

– Migrant workers: the work environment has the potential to be one of the main platforms for integration of migrant workers. It is vital to ensure that this social group benefits from all OSH standards on an equal basis, as this will have a positive impact, such as creating a feeling of equal treatment and participation, and will help to avoid social exclusion of migrant workers.

– Ageing workforce: good OSH will have a positive impact on extending working life by increasing job satisfaction and reducing stressful and monotonous working conditions that cause early deterioration of health and, hence, an early exit from working life.

– Young workers: raising awareness on the part of young workers who are often less informed about occupational risks will have an impact in the form of better adaptation to and participation in the labour market by such workers.

5.3. Environmental impact

Occupational health and safety policies could have an impact not only in the workplace, but also on the environment. The possible interactions will be carefully considered when designing individual policy action or practical solutions and the possible synergies will be harnessed in the policy-making process.

6. How will the results and impact of the proposal be monitored after implementation?

A comprehensive monitoring system will be established by the Commission to evaluate and measure progress on activities by the Member States and others involved in implementing the Strategy. The Commission, together with the Advisory Committee on Safety and Health at Work (ACSH), will develop a common system to collect and share information on the content of national strategies, the rate of achievement of their objectives and the effectiveness of the prevention structures.

Moreover, the policy will be monitored by the Commission with the help of the existing statistical indicators used in the framework of ESAW[9] and EODS[10] projects, the Labour Force Survey and the Working Conditions Surveys. The Commission will also consider the possibility of developing new qualitative indicators to measure the efforts made on implementation of initiatives under national strategies.

[9] European Statistics on Accidents at Work.

[10] European Occupational Diseases Statistics.