



# Full Regulatory Impact Assessment for Part 1 of the Civil Contingencies Bill



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# **Full Regulatory Impact Assessment for Part 1 of the Civil Contingencies Bill**

1. Purpose and intended effect of measure
  - (i) The objective: enhancing the local response and mitigation capability

*“The purpose of the Civil Contingencies Bill, and the accompanying non-legislative measures, is to deliver a single framework for civil protection in the United Kingdom.” – Draft Civil Contingencies Bill Consultation Document, June 2003.*

1. The Modernising Government White Paper stated that the Government wants to deliver policies, programmes and services that will make us more secure and **better equipped to tackle the challenges we face**. Following the events of 11 September 2001 the Home Secretary made it clear that the Government’s **“objective is to do everything that can be done to enhance our resilience”**<sup>1</sup>. The Bill’s overall policy objective is to support this objective by laying the foundations for enhanced resilience to incidents at the local level and ensuring central Government has the powers necessary to deal with the most extreme disruptive challenges.
2. The aim of building resilience is to reduce susceptibility to incidents by reducing the probability of their occurrence and their likely effects. This means responding effectively and efficiently when they occur and building institutions and structures in such a way as to minimise the possible effects of disruptions upon them. Such incidents exist along a spectrum of severity ranging from localised flooding to massive terrorist attack.
3. In recent years, wide area disruptive challenges have exposed shortfalls in response capabilities across the UK when incidents go beyond the local level and pose unexpected challenges. Flooding, foot and mouth disease and the fuel crisis are key examples of this. The capacity to deal with this type of situation has been identified as a key priority in building enhanced resilience and new government resources are being devoted through Office of the Deputy Prime Minister to develop an enhanced regional capability through the Government Offices for the Regions.
4. In the context of such initiatives and as a further vital piece of the resilience jigsaw the proposed new Civil Contingencies legislation would, if enacted, enhance preparations to withstand all threats – whether from natural, accidental, or deliberate causes. This is the next logical step in

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<sup>1</sup> Hansard 28 Nov 2001: Col.1021

the Government's drive to enhance the safety of the public and essential services. The Bill's key objectives are therefore:

- To create a modern framework for co-ordinating contingency planning and response at the local level, codifying and building on existing arrangements.
  - To enhance co-operation and understanding in support of a regional level capability.
  - To modernise the legislation under which the Government can respond to extreme emergency situations to turn it into a usable tool fit for the twenty-first century.
5. This RIA focuses exclusively on the first objective, that is, proposals designed to create a modern framework for co-ordinating contingency planning and response at the local level. Proposals are consistent with other government policies and initiatives, including the following:
- the Civil Contingencies Committee's endorsement of the **capabilities driven approach** to making UK government and society more resilient to disruptive challenges;
  - the White Paper on regional governance, "**Your Region - Your Choice: Revitalising the English Regions**", May 2002
  - the White Paper on local government, "**Strong Local Leadership - Quality Public Services**" and the governments wider **modernising local government** programme.
  - the government's commitment to **Principles of Good Regulation**.
6. The local response capability already works well, but there are some weaknesses. The current framework is inconsistent in places, and local responders have to rely on a range of permissive powers. To address this, the policy objective of the local responder proposals in Part 1 of the Bill is to effectively codify existing arrangements and improve consistency of approach. This demands not only a stronger focus on risk as the basis for emergency preparedness but also a single framework to manage approach and performance across a wide range of local responder bodies in all parts of the UK.

## (ii) Background

7. Following the fuel crisis and the severe flooding in the autumn and winter of 2000, the Deputy Prime Minister, John Prescott, announced a review of emergency planning arrangements in England and Wales. The Government concluded that existing legislation, which was introduced soon after the end of World War II and focuses primarily on arrangements for dealing with hostile attack, no longer provides an adequate framework for modern emergency planning and that new legislation is needed.
8. The review consulted widely among local authorities and other interested parties before making recommendations to Ministers. The consultation document, published in August 2001, invited responses from these key

stakeholders. Almost 270 responses were received. A full discussion of the results of the consultation and the consultation document can be found at <http://www.ukresilience.info/epr/index.htm>. The review drew a number of clear conclusions, and identified next steps in a number of areas:

- Policy: Introducing a partnership duty for local authorities and other agencies within the context of a national framework for emergency planning.
  - Legislation: Putting local partnership working on a statutory basis; with provision for addressing national emergencies in "abnormal" times; and ensuring that account is taken of a range of existing complementary legislation.
  - Capacity: An assessment of the impact of the new policy proposals for central government, government offices of the regions, local government, and local responder organisations
  - Funding: An assessment of where potential new burdens may be anticipated.
9. These were analysed and Ministers agreed that the Cabinet Office, in consultation with other government departments and stakeholders, should prepare a set of proposals for new legislation for introduction as soon as parliamentary time allows. The Government concluded that a key focus for resources at central government level should be to audit and provide practical support to government departments in helping them develop sound arrangements in relation to their Lead Government Department responsibilities; that additional resources should be devoted at a regional level through ODPM to ensuring a sound response capability; and that, in the short-run, the priority at local responder level was to introduce the new framework, which would then support a possible assessment of the need for greater capacity. New burdens, not falling upon businesses, charities or the voluntary sector, were accordingly identified at the regional level, but were not felt to be significant at other levels.
10. The Government carried out a further public consultation from June to September 2003 on specific proposals in the form of a draft Bill setting out a proposed new framework for civil protection work at the local level. The results of this consultation, which drew 379 replies, will be published shortly. It included a question regarding the accuracy of the Partial Regulatory Impact Assessment which accompanied it. This attracted 248 responses. Many respondents thought that the costs had been somewhat under-estimated, but few provided figures or other evidence to challenge the calculations given in the document. Many of the responses were from bodies in the public sector who wished the costs of their own civil protection duties to be considered. However, these "new burdens" are the subject of a separate assessment procedure.
11. None of the Category 2 responders (as defined in the Bill) argued that their concerns about the additional costs to themselves were reasons for not going ahead with the Bill, or that they themselves should be removed from Category 2. As a result of the consultation and further discussions with

stakeholders, more thought has been given to the potential burden on Category 2 bodies of having to attend too many meetings, or meetings where their contribution is not necessarily relevant. In consequence, the regulations will make provision for Category 2 bodies to nominate an appropriate representative to attend certain meetings on their behalf.

12. New evidence generated by the consultation exercise and further discussions with stakeholders have informed this Full RIA. At the same time, the exercise has also drawn out some specific points on which an assessment of the regulatory impact has to be circumspect.
- Many respondents reflected on the difficulty of constructing a definitive cost analysis in the absence of tangible costs, or where the benefit comes from something not happening. This caution is reflected across existing academic work in this field.
  - As an enabling Bill, much of the detail of the regulatory impact will not be available until the regulations under Part 1 are finalised. An indicative set will be published with the Bill and will be subject to public consultation post Royal Assent which will include an assessment as to their regulatory impact.
  - Some respondents conflated the potential regulatory burden of the Bill with other activities in the wider policy area of civil protection. For example, some organisations included information on work with central or regional government, both of which fall outside the provisions of the Bill and are not affected by it.
  - Although there was useful material to draw on, the amount of new material on regulatory impact provided by individual respondents was more limited than might have been hoped for. This seems to be in large measure for the reasons set out above.
13. Since the Partial RIA was published, policy decisions by the devolved administrations now mean that the local responder proposals which are the subject of this Full RIA apply not only to England and Wales, but also to Scotland and Northern Ireland.

**(iii) Risk assessment**

Risk	Problem	Solution
The occurrence and effects of a disruptive challenge.	Exposure to unnecessary level of risk through insufficient co-ordination and management of capabilities at the local level.	Facilitate improved co-ordination of efforts and communication between organisations at the local level.

**The risks in question**

14. The risks in question relate to the regularity with which serious incidents occur and the damaging nature of their effects, together with the possibility of a major disruptive challenge and its possible catastrophic impact. All such challenges fall along a spectrum ranging from localised flooding to catastrophic terrorist attack. Potential costs to the community and to

business therefore range along a spectrum from short disruptions, for example, to transport or minor physical damage, to loss of life and the complete destruction of homes and premises. The probability of some events, such as flooding, occurring may be estimated with some statistical reliability based on past experience. Other events, such as Chemical, Biological, Radiological or Nuclear (CBRN) attack, nuclear accident etc. are remote possibilities, but are of such a serious nature that, even if their probability is slight, arrangements must be in place to allow effective response and recovery. Annex A gives examples of the type of risks in question, their potential effects, costs and what can be done to reduce them.

15. Intervention to reduce risks where possible is common sense.

Expenditure on risk reduction is more likely to be incurred under existing safety legislation than under the Bill, but - with its focus on planning to prevent small-scale accidents developing into large-scale emergencies - the Bill may encourage such initiatives. Prevention can be seen as an investment against future losses (not just financial) when the potential losses outweigh the costs of the actions required. Where the potential risk and losses are calculable a simple cost-benefit analysis is used to determine whether such investment should be made – as for example, in constructing flood defences, or maintaining hygienic and safe working practices, or minimising fire risk. The requirement under the Bill to plan to prevent, for example, minor flooding developing into a serious emergency, is likely to encourage such investments. Where risks and losses are not so easily identifiable and calculable the emphasis must be placed on building capabilities to deal with a range of conceivable risks and maintaining the organisational resilience necessary to respond and recover as needs dictate. This is where the Bill is directly relevant. It is these types of risks that the local responder proposals are designed to address.

16. The effects of a disruptive challenge upon businesses and the community can be vast. Rebuilding work following the Manchester bomb cost around £1bn,<sup>2</sup> most of which came from the private sector. Europe's extreme summer heat wave in 2003 cost more than \$10bn in agricultural losses alone and killed some 20,000 people.<sup>3</sup> Natural disasters, mostly caused by extreme weather, cost more than \$60bn this year alone

17. Research conclusions vary on the direct impacts upon businesses of disruptive challenges. A Butler Cox survey suggests 70% of organisations experiencing a disaster cease trading within 18 months (Butler Cox Survey). A study by Touche Ross suggests that as many as 90% of businesses go out of business within 12 months of a catastrophe despite the insurance covers they have in place. Recent work by Newcastle University associated with arson prevention work by the Tyne and Wear Metropolitan Fire Service supports this dramatic statistic.

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<sup>2</sup> <http://www.rebuilding-manchester.co.uk/articles/1996/9620.shtml>

<sup>3</sup> <http://news.bbc.co.uk/2/hi/americas/3308959.stm>

18. These business failures may be due to loss of orders, or long term loss of customers, of skilled and/or experienced staff, or of customer lists and records and other uninsured losses. Some businesses may take the opportunity to relocate elsewhere, possibly outside the UK, and therefore will be a permanent loss to the local or national economy even if the business itself recovers.
19. But the headline figures may underestimate the true cost. Analyses by Swiss Re and Munich Re of natural and man-made disasters around the world suggest that insurance costs generally account for between 10-50% of total economic costs of the disaster, depending on the nature of the event and the maturity of the insurance market. The global figure for the 1990s averaged 18% of total economic costs of disasters met by insurance (Munich Re). The Home Office “Cost of Fire” report estimates total economic costs incurred in anticipation and in response to fire as around £7bn in 2000, but insurance claims related to fire totalled only slightly more than £1bn for the same year.
20. In the UK, insurance has achieved a high level of penetration in the domestic and business markets (87% of all home-owning householders have buildings cover, 75% of all households have contents cover). All Risks cover is common (standard on Household policies, and accounting for an estimated 80% of business property policies). In such circumstances insurance costs might be expected to represent around 25-33% of total economic costs arising from a catastrophic event, with much of the remainder falling as costs to Government, costs arising from disruption to transport systems and costs retained by individuals due to lack of insurance, under-insurance, or because insurance is not available.<sup>4</sup> It should be noted that insurance costs relate to property and business interruption claims only, and exclude any personal injury, life insurance, health, liability or motor claims, for example, or any costs compensated by public schemes such as the Criminal Injuries Compensation Scheme. A diagrammatic representation of the split of costs is at Annex F.
21. In the real world, it is extremely difficult to demonstrate what the quantifiable value added by emergency and business continuity plans may be. In the case of the Manchester bomb, planning arrangements were in place and may be assumed to have reduced the cost in lives and the disruption to business caused – but no-one would argue that there were not lessons to be learned and various improvements to be made.
22. Experience and research demonstrate that active intervention can reduce the risks businesses face and the effects of disruptive challenges should they occur. The World Bank and US Geological Survey calculate that economic losses world-wide from natural disasters in the 1990s could have been reduced by \$280 billion if \$40 billion had been spent on preparedness, mitigation and prevention strategies. The Environment Agency point out that anecdotal evidence from Selby in North Yorkshire shows that about £5million was spent on emergency response during the

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<sup>4</sup> Consultation response, Association of British Insurers, September 2003

November 2000 floods and that this expenditure was thought to have saved about £30million worth of flood damage.

23. Businesses are, of course, hugely affected by disasters and can reasonably be expected to act themselves to reduce the possible effects of such challenges, rather than simply relying on the authorities. Community resilience envisages each organisation separately and jointly taking responsibility to minimise the effects of disruptions on themselves and their communities. This is why the Bill proposes that local authorities should have a duty to promote Business Continuity Management across their areas. Local authorities may be likely to pursue this task as a complement to assisting businesses face threats of terrorism or flooding, where many organisations, possibly the whole local community, are affected.
24. While businesses should work internally to plan for their own continuity, some risks exceed the capacity of individual businesses to effectively address. Risk reduction then becomes a community-wide concern as such risks can only be addressed effectively in co-operation with other businesses and public and voluntary organisations. The development, or consolidation, of emergency planning arrangements by police forces, local authorities and other responder bodies to address such contingencies will be delivered through the Bill.
25. The Bill enshrines co-operation between the public organisations mainly responsible for dealing with emergencies. It includes in a secondary or co-operative capacity, some businesses which perform functions vital to the life of the community, such as transport and utilities. These businesses are key parts of the local infrastructure which maintain the life of the community. Co-operation is beneficial to the companies involved and an essential means of ensuring that vital services can be maintained in emergency situations. The continued ability of the transport companies and utilities to provide a service is of course vital to other businesses that rely upon them for everything from electricity to transporting goods. Thus the Bill encourages co-operation in identifying and managing risk across the whole community.

#### **Improved risk management – justifying intervention**

26. Risk awareness provides a vital underpinning to resilience. Currently, risk assessment tends to be a separate activity for each organisation. Often it is a specialist activity geared to hazards for which the organisation as an operator is itself responsible (such as industrial processes) or to risks to the community where the organisation has a functional responsibility (for example, the fire service assessment of fire risk). To ensure an effective response capability across the local area to all hazards it is vital that the findings and lessons each organisation discovers through its risk assessment work are shared and acted upon by all those with responsibilities for emergency response and preparedness in the area. Information-sharing and co-operation are the foundations of enhanced resilience.

27. At present, there are no requirements for such joint management of risk to be undertaken. While some do engage in such efforts on a voluntary basis generally a systematic, joint approach as a basis for preparing planning arrangements does not exist. Individual organisations already act to reduce risks in their operational area and plan their own response, and the Bill aims to improve matters by requiring a systematic and holistic approach that will help ensure that local resources can be used in the most effective and efficient way based upon the risks of emergency identified throughout the local area.

### **Improving Risk Management**

28. Intervention through the proposed legislation is justified because:

- The principles and practice for ensuring that local response arrangements work smoothly have been developed and proven over many years. However, various examples of wide area, or catastrophic, emergencies which fall outside or go beyond the established practice have shown up weaknesses. Greater confidence in emergency preparedness can be achieved when planning systematically for this higher or unusual level of risk.
- Despite the achievements of the current permissive/voluntary system in ensuring preparedness at the local level, performance in risk assessment, planning and response varies considerably between and within different areas. Greater reliability and consistency of performance will be possible and will be easier to demonstrate if responder organisations in all areas share a similar, clearly understood, framework.
- There is inconsistency in the basic approach to civil emergency planning, which needs to be broadened to develop a standard framework of activities, from assessment to recovery, in accordance with the national goal of resilience. Adoption of the resilience agenda as a standard approach will make it possible to demonstrate that relevant risks are being addressed in all parts of the UK to an appropriate level.
- Partnership working is vital to successful risk assessment and mitigation, planning, response and recovery. It is already strong in many areas, but would benefit from a more reliable guarantee of direct co-operation between responder bodies and, in certain respects, from a more consistent pattern of multi-agency groups across the country. The formal adoption of partnership working across the UK on a statutory basis will give the Government and the devolved administrations greater assurance that their own efforts to improve are supported by improved co-operation and communication at, and with, the local level.

#### **(iv) Business sectors affected**

29. Organisations covered by the proposals would be divided into two categories. Those in Category 1 would be placed under seven specific duties relating to emergency preparedness and response. These duties relate to:

- Risk Assessment
- Planning arrangements for (a) prevention of emergencies and (b) response to emergencies
- Planning arrangements for Business Continuity Management
- Warning and Informing
- Sharing Information
- Co-operation
- Promotion of Business Continuity Management (Local Authorities only)

30. Those in Category 2 would be under a duty to co-operate with Category 1 organisations and to share information with Category 1 and 2 bodies only. Category 1 would not contain any businesses, charities or organisations from the voluntary sector. It is proposed that the following types of organisations fall into the two categories:

<b>Category 1 responders</b>	<b>Category 2 responders</b>
<p><b>Local Authorities</b> Shire County Shire District Unitary Metropolitan District Port Health Authority</p> <p><b>Emergency Services</b> Police British Transport Police Police Service of Northern Ireland Fire Service Ambulance Service</p> <p><b>Other NHS Bodies</b> Primary Care Trusts Health Protection Agency NHS Acute Trusts (Hospitals) Foundation Trusts Local Health Boards (in Wales) Any Welsh NHS Trust which provides public health services</p> <p><b>Government agencies</b> Environment Agency Maritime and Coastguard Agency</p>	<p><b>Utilities</b> Electricity * Gas * Water and Sewerage * Public Communications Providers (Landlines and Mobiles) *</p> <p><b>Transport</b> Network Rail Train Operating Companies (Passenger and Freight) * Transport for London London Underground Airports * Harbours and Ports * Highways Agency</p> <p><b>Government</b> Health and Safety Executive</p> <p>* As defined in the draft Bill - and in Regulations made under it once enacted.</p>

31. The overall effect of the proposals may reduce the possibility of potential incidents and is likely to improve the management of them when they occur, thus reducing the severity of their impact. They would benefit all businesses in all sectors that may otherwise, if hit by the effects of an incident, face disruption or worse, together with associated financial losses. The new framework, by reducing uncertainties and inconsistencies and building an enhanced capacity to mitigate the risk and effects of incidents, may help to enhance local business confidence which could only enhance opportunities for investment and growth.

**(v) Issues of equity and fairness**

32. The proposals address the likelihood and impact of incidents equally across the local community. If enacted they are likely to improve work across the spectrum of resilience activities, to the benefit of all inhabitants, and visitors to, the UK. It is not thought that any inequality or unfairness would result from their implementation, indeed their aim of increasing consistency and ensuring high standards will help remove current inequalities, across the UK.

33. Generally, the greater the risk, the tighter the regulation – as with nuclear power stations and major hazard sites. However, the Bill is not aimed at tightening safety regulations, but with strengthening the framework for co-operation in emergencies between responder bodies. Private organisations, such as utilities and transport companies, that will be involved in the proposed Local Resilience Forums will be so because of the possibility that they may be a risk-source and the nature of their role in the local area, that is, the provision of services vital to the community and to other businesses. Their participation is therefore proportionate to their role in potentially causing and preventing, or mitigating, incidents. Both the wider community and those organisations affected by the proposed duty will benefit equally from its consequences.

**2. Options**

34. The Government is committed to enhancing resilience at the local level by enhancing the co-ordination of local responder organisations. In looking at how to meet the Government's publicly stated policy objectives in this area, the following options were identified in consultation with stakeholders:

***Option 1: Continuation of current permissive regime***

35. The main local responder organisations – emergency services, local authorities, NHS, environment agency, maritime and coastguard agency – largely carry out their planning and response efforts at present on the basis of permissive powers. There are also some statutory obligations under health and safety at work legislation in relation to particular types of hazard. The on-going Civil Defence duties of local authorities bear little relation to the complexity of local networking in which many of them,

together with the emergency services, are engaged, that brings key private sector bodies into emergency planning forums and ensures that the planning arrangements of a wide number of bodies match. Policy under this option would focus on promoting voluntary good practice. This option is unlikely to meet the government's policy objective as it would leave in place the very problems that need to be dealt with if the policy objective is to be achieved.

**Option 2: Duty on a limited range of organisations**

36. Option 2 (the Bill), would deliver a variable duty, reflecting the differential involvement of core and co-operating responders in local civil protection activities. The table below sets out the proposed membership of the two sets of responders.

Category 1 responders	Category 2 responders
<p><b>Local Authorities</b>            Shire County            Shire District            Unitary            Metropolitan District            Port Health Authority</p> <p><b>Emergency Services</b>            Police            British Transport Police            Police Service of Northern Ireland            Fire Service            Ambulance Service</p> <p><b>Other NHS Bodies</b>            Primary Care Trusts            Health Protection Agency            NHS Acute Trusts (Hospitals)            Foundation Trusts            Local Health Boards (in Wales)            Any Welsh NHS Trust which provides public health services</p> <p><b>Government</b>            Environment Agency            Maritime and Coastguard Agency</p>	<p><b>Utilities</b>            Electricity *            Gas *            Water and Sewerage *            Public Communications Providers (Landlines and Mobiles) *</p> <p><b>Transport</b>            Network Rail            Train Operating Companies (Passenger and Freight) *            Transport for London            London Underground            Airports *            Harbours and Ports *            Highways Agency</p> <p><b>Government</b>            Health and Safety Executive</p> <p>* As defined in the draft Bill - and in Regulations made under it once enacted.</p>

37. Option 2 would oblige Category 1 organisations to carry out the full spectrum of civil protection activities, namely:

- Risk Assessment
- Planning arrangements for (a) prevention of emergencies and (b) response to emergencies

- Planning arrangements for Business Continuity Management
- Warning and Informing
- Sharing Information
- Co-operation
- Promotion of Business Continuity Management (Local Authorities only)

38. The organisations in Category 2 would be under a duty to share information and to co-operate in maintaining preparedness only for possible emergencies affecting their areas of operation. This reflects the importance that these organisations have in terms of potentially being the cause of an emergency situation and in aiding response and recovery in liaison with the Emergency Services. Annex B sets out how they would be affected by these requirements.

39. Businesses in category 2, as defined in the Bill and by accompanying regulations:

Type	No. companies
Electricity (distribution)	14
Gas (co-ordination in emergencies)	1
Water	27
Public Communications Providers (landlines and mobiles)	19
Rail Networks	1
Train Operating Companies (passenger and freight)	31
Airport operators	39
Harbour Authorities	N/a <sup>5</sup>
<b>Total</b>	132 + Harbour Authorities

40. Annex C gives an indicative list by name of those businesses which are most likely to be affected directly. The precise numbers will not be determined until regulations are agreed after Royal Assent if the Bill is enacted.

41. It is likely that Regulations under the Bill would require Local Resilience Forums (LRFs) to be formed to provide a forum for discussion and action. When formed they are likely to meet biannually and at times of emergency, while a number of smaller working groups of limited life span may be formed to take forward specific issues. This would rationalise many of the relationships and discussions between responder bodies that already take place.

42. This option would meet the policy objective by removing the problems reported by practitioners which stand in the way of improvement, namely,

<sup>5</sup> Harbour Authorities operate under their own legislation and under local arrangements, no definitive figure is currently available.

insufficient information sharing and co-ordination and a lack of consistency between areas.

**Option 3: Duty on larger range of organisations - with co-ordination ensured by a statutory partnership**

43. This would be as Option 2 but would:

- include a larger range of organisations within Category 1, including all or most (certainly the utility companies) of the businesses listed in Category 2 in Option 2.
- bring a larger range of groups within the second “co-operator” category, including large charity and voluntary organisations such as, for example, the British Red Cross, Salvation Army, RAYNET and mountain rescue groups.
- place the LRF on a statutory basis, formed on police boundary areas, bringing all the key partners together by law, and permitting or requiring Category 1 and 2 organisations to co-ordinate planning initiatives within their area at a strategic level.

44. Option 3 would also meet the policy objective by removing the problems reported by practitioners which stand in the way of improvement, but it would in all likelihood impose significantly greater statutory burdens on all groups, including the private companies covered. None of the private companies responding to the recent consultation has supported this option, but it does have support from some Category 1 bodies.

### **3. Benefits**

Option 1: Continuation of current permissive regime.

45. This would continue to allow all the various local bodies to make their own decisions in relation to emergencies, without any new legislative requirements. Co-operative initiatives through the various forums and directly between responder bodies would continue. Some organisations already have adequate arrangements in place and practice in some or many areas may be expected to continue to improve on a permissive basis. Those organisations and areas that do not have sound arrangements would remain free of further obligations and costs.

Option 2: Duty on a limited range of organisations.

46. Option 2 would enhance local emergency response planning arrangements. In particular, they would be based firmly on accurate assessments of potential local risk-sources through active engagement, for example, with utility and transport companies. Local responders would know clearly what would be needed in the event of, for instance, an emergency affecting or caused by gas or water supplies. Category 2 companies sharing information about their risk assessments may improve

each other's awareness of risks that they weren't previously aware of, thus enhancing resilience. They may conclude that some of the risks they face are identical or inter-related and can be more effectively and more efficiently addressed through joint or co-operative measures, alongside sharing of expertise and knowledge.

47. The weaknesses and failings identified in the current system suggest that a statutory duty to encourage consistency and co-ordination across all the partners at all levels and in all parts of the UK is needed. The recent consultation shows that those affected will generally welcome it. A statutory approach will strengthen the co-operation already substantially achieved on a voluntary basis, but which the main partners wish to have reinforced by a consistent framework covering them all. It will provide a foundation on which best practice can be built, as responsibilities are properly defined, with guidance, monitoring and audit to help ensure compliance.
48. The scope of the duty under this option would include assessment and prioritisation of risk and, through promotion of risk awareness, will help to reduce the possibility of preventable incidents, including major disruptive challenges. It may also lessen the effects of those that do occur, reducing their severity and length and therefore the risk and scale of casualties, expenditure and damage. This option will achieve the government's policy objectives in the area of local civil protection without imposing significant new burdens on the relevant organisations in either the public or private sectors.
49. It is not possible to estimate by what percentage risk will be reduced in terms of loss of life etc. as the nature and occurrence of incidents is by its nature unpredictable. However, even if the measures secured only a small percentage reduction, this would have a considerable impact. For example, a one-percent reduction in the direct costs incurred through the Manchester Bomb, due to improved co-ordination and co-operation, would have resulted in a saving of approximately £1million. The Foot and Mouth outbreak also offers an illustration of the potential scale of the benefits from enhanced resilience (see annex A1). Unfortunately, no estimate is available of what the relative costs may have been of an outbreak where the response was speedier and better co-ordinated, that is to say, one in which these proposals were in place.
50. The potential benefits for the companies within Category 2 and their customers are considerable. For example, anecdotal information from the electricity industry suggests the benefits of improved emergency planning by electricity companies can be measured in reduced numbers of days without electricity as a result of an incident. In recent incidents, better performance might have restored power one or two days sooner, thus saving customers inconvenience, enhancing the company's reputation and reducing the costs of penalty payments. Better risk awareness and information-sharing may well have enabled such benefits to be reaped. Consumer watchdog Energywatch estimated, following a power cut at the

end of October 2002 affecting over two million homes, some of which were without electricity for over a week, that power companies would face compensation claims of more than £4m.<sup>6</sup> This figure would clearly have been lower had power been restored one or two days earlier.

### Option 3: Duty on larger range of agencies - with co-ordination ensured by a statutory partnership

51. The benefits of this approach might be even greater than those of Option 2, because of the greater number of organisations covered with a larger set of obligations on them and the existence of a LRF with powers to direct members to ensure co-operation and consistency.

52. If businesses were made part of Category 1, they would be involved directly on a statutory basis in the detailed multi-agency discussion and operational planning that under Option Two falls to public organisations only. This would bring probable benefits in terms of greater familiarisation with the conditions in which they operate between themselves and public organisations and mean that they were covered by a more robust set of requirements with which they would have to comply. It would bring greater assurance of co-operation and compliance and would, for example, compel businesses to undertake additional research into areas of concern to other Category 1 organisations, and to play a larger role in preparing multi-agency plans and taking part in training and exercising.

## **4. Costs for businesses, charities and voluntary organisations**

### **(i) Policy costs**

#### Option 1: Continuation of current permissive regime.

53. The policy aim is to draw some of the key businesses likely to be involved in the response to emergencies, such as utilities and transport operators, into a consistent framework of local co-operation with the emergency services and other local responder bodies across the UK. Particular charitable and voluntary bodies whose objectives include assisting in emergencies are also part of the policy framework. The main private sector bodies involved are already covered by regulations and licence conditions in their own sectors which mean that they do engage in emergency planning work on a statutory basis. It will be helpful to identify the existing costs of this work on emergency planning, in order to isolate the additional costs which the framework for improved co-operation delivered by the other two options would entail.

54. Broadly, the firms in question already, to a greater or lesser extent, carry out much or most of the activity which they would be required to engage in under the Bill (see Annex B). In the first place, their own company policy, guided by regulatory or licence or other conditions, will ensure that they have on staff some emergency planning capacity, probably a part- or full-time person or a team, depending on the scale of their operation. These people will be engaged in the engineering or logistics side of emergency

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<sup>6</sup> <http://news.bbc.co.uk/1/hi/business/2385731.stm>

planning, namely, developing procedures for restoring supply or service as quickly as possible in the event of an interruption, whatever the cause. They will also probably have a customer service contingency to provide advice and possibly support to customers inconvenienced by the disruption. In addition, they will already be engaged in liaison with the responder bodies covered by this proposed legislation. It is this last area, in particular, which needs to be identified as it is mainly here that the Bill's proposals will impact, and where under this option the impact will be least. Even so, it will be necessary to distinguish between liaison and co-operation carried out at a regional and national level, which is not directly part of the proposed duty under the next two options, and multi-agency working at the local level, which is.

55. Currently, each of the private bodies under consideration will have emergency planning staff, working to senior management. They may be asked to provide other local responder bodies, such as police or fire or local authorities, with information in relation to the risks of an emergency occurring in part of their operation. They may also be asked to share information about their planning arrangements and to take part in the occasional table-top or live exercise. They are also likely to be requested to attend occasional bilateral meetings or to go to a multi-agency forum. These requests and invitations currently may be generated by every local authority in the country and by all the other responder bodies, police, fire, ambulance and so on, as well; or from each of the 43 county-level multi-agency forums. They may also receive similar requests from the new regional resilience teams at the GoRs or from the central government lead department in their sector. These are the current ongoing costs of emergency planning to these organisations which will continue under Option 1.
56. For present purposes, we need to focus only on those costs which relate to co-operation and information-sharing at the local level. These are the overall costs to these bodies of continuing with the current regime which is permissive in relation to formal multi-agency co-operation. In terms of additional costs, with this option there would be no additional cost to business, charities or voluntary organisations. Annex E contains a case study of the current costs upon a category 2 responder and how this would be impacted by the Bill. United Utilities estimates its weekly expenditure on information sharing and co-operating at the local level to be in the region of £4040 across the various local areas in which they operate (see annex E). As explained at paragraph 60 below, anecdotal evidence suggests a general figure of around £1740 per annum per LRF area currently being spent by proposed category 2 organisations.
57. There would also be no reduction in the costs these bodies may face in the event of a disruptive challenge taking place. Also, the costs to society from a lack of awareness of risk and inconsistency in arrangements to deal with it - caused by the lack of a statutory underpinning of activities, as proposed in the next two options, would remain.

Option 2: Duty on a limited range of organisations  
(see too “Costs for a typical business” section below).

58. The businesses in Category 2 would be likely to have to:

- Share information and co-operate where requested with those organisations in Category 1.
- Attend a LRF and meet formally around twice a year with both Category 1 and 2 organisations in attendance (NB: Arrangements will be determined locally).
- Attend working groups set up to look at specific issues, meeting perhaps fortnightly or monthly for a certain period. These would be set up depending on the local risk assessments, and it is unlikely that Category 2 organisations will be formal members of these but may be asked to contribute.
- Comply with ad hoc requests for information-sharing that may be made
- Assist with the design of training events and exercises run by Category 1 bodies and occasionally take part in one.

Annex B sets out how they would be affected by these requirements.

59. Compliance costs for business would be relatively insignificant. It is thought that each business in Category 2 will in practice need at very most 5 days a year of the time of a senior manager and ten days of a professional at a more junior level. This is a maximum estimate based upon the likely amount of requests for information and possible attendance at meetings of working groups alongside an expected absolute maximum of 48 hours of exercises per year. It is likely that, in practice, based upon anecdotal evidence from those working for some of the organisations concerned, the actual time spent would be substantially less than this. Many suggest they currently spend in the region of 5 – 10 staff days a year in total engaged in existing voluntary multi-group work and exercises and it would therefore be misleading to consider the requirements set out under the Bill to be entirely additional. In practice this will incorporate resources already devoted to civil protection efforts that will be subsumed within the new framework. It would be for the businesses themselves to determine who should undertake such work and their wages will vary depending on this decision. The New Earnings Survey 2003 suggests 5 days of a senior managers time will cost approximately £750 and 10 days of a more junior professional around £1300 a year<sup>7</sup>. This suggests a likely gross wage cost for each of the businesses in Category 2 of approximately £2050 a year. Factoring in NICs, pension contributions etc. this suggests a total figure of a little under £2700 for each LRF area. The case study<sup>8</sup> at Annex E suggests a figure of around £7176 in total per year for a multi-utility company operating in six LRF areas. This suggests that, in this case, the true figure will be closer to £1000 per LRF.

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<sup>7</sup> [http://www.statistics.gov.uk/downloads/theme\\_labour/LMT\\_NES2003ARTICLE\\_FINAL.pdf](http://www.statistics.gov.uk/downloads/theme_labour/LMT_NES2003ARTICLE_FINAL.pdf)

<sup>8</sup> case study figures developed in absence of regulations reflect best estimate of company officials.

60. These are purely indicative costs, the exact figures will depend upon the internal decisions of the businesses involved and upon the nature of arrangements determined locally. It is likely that for most businesses these will not be new costs as the new arrangements will simply replace work that is already going on on a voluntary basis at present. The exact nature of the work currently undertaken on a voluntary basis varies across the country and from business to business, that is why a statutory framework is being introduced. It is not therefore possible to give a figure for how much businesses currently spend, but anecdotal evidence suggests somewhere in the region of 5 – 10 staff working days are currently expended in such activities. This suggests average costs of perhaps eight days of a professional (£1040) and two days of a senior manager (£300) costing around £1740, including NICs etc., based on the NES figures, for those businesses engaged effectively in such work. Such work largely consists of bilateral and multi-lateral meetings with other organisations designed to share concerns and strategies. Such work would be subsumed and rationalised into the proposed new arrangements. The estimated figure of £2700 for option 2 would therefore not be entirely additional as it includes within it the existing expenditure companies undertake in this area. If, for example, £1740 is currently being spent the additional expenditure would be in the region of only £960 per LRF area for each proposed category 2 organisation.

61. Category 2 organisations include businesses in the transport and utilities sectors. The utilities already devote resources to emergency planning, in particular the Water Companies, and for them it is unlikely there would be any new costs as a result of the proposals.<sup>9</sup> For many, as a consequence of the conditions of their operating licenses, regular sharing of information and co-ordination with response services are routine. Some electricity and transport companies tend to have less developed liaison arrangements with partners at a local level. For them, the costs are likely to include attending meetings more regularly than they do at present. Under Option 2 all Category 2 organisations would have to undertake the work outlined above, but in many cases it is work that is currently already being undertaken. The costs will therefore not change for companies in a local area irrespective of which sector they operate in.

62. In the event of an actual emergency occurring it is likely that businesses may expend more resources for its duration as greater co-operation and more regular meetings etc. would be necessary. This would, of course, happen at present under the voluntary system too.

63. Category 2 organisations will receive occasional visits from emergency planning officers from partner organisations seeking to dovetail plans more closely, be asked to supply information about some of their own planning arrangements and their assessments of risk, and possibly to take part in some joint training events and exercises. The nature and regularity of

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<sup>9</sup> This statement appeared in the Partial RIA which was published as part of the consultation. One water company specifically said that there was nothing in the pragmatic approach of the RIA with which they disagreed.

these additional demands will be determined locally to meet local needs. Local risk assessments will determine which of these companies is most likely to be involved in any particular event. Again, most businesses are already engaged in similar activities on a voluntary basis and therefore costs are unlikely to be new for most. These expenses are factored into those set at at paragraph 60.

64. As some Category 2 businesses are organised upon differing geographical boundaries, some on a regional basis, a number of Police Boundary Areas will fall within their area of operations. They will therefore need to meet the requirements in a number of separate geographical areas. The costs would at a theoretical maximum be the number of Police Boundary Areas multiplied by the suggestive average indicative cost. However, because of practical difficulties and the potential wastefulness of, for example, several utilities having to attend the same meeting, draft regulations will permit Category 2 bodies to nominate an appropriate representative to attend on their behalf. This is likely to reduce costs significantly in some cases. The variation in the costs incurred by Category 2 businesses in each of the regions means that it is not possible to quantify the exact cost.

Option 3: Duty on larger range of agencies - with co-ordination ensured by a statutory partnership

65. Option 3 is effectively the option which would satisfy those respondents to the recent consultation who felt that the Bill does not go far enough. It would (1) bring a much larger number of bodies within the statutory duty; (2) transfer all or most of the private companies currently proposed for Category 2 into Category 1; and (3) establish the Local Resilience Forum on a statutory basis and provide it with powers to request and require actions from local responders on a strategic level.

66. The effects of such an extension of the reach of the legislation, and of providing the local forum with statutory powers, would have various implications for the Regulatory Impact Assessment, in particular:

- Option 3 would include all the costs indicated for Option 2 but falling on a larger number of businesses.
- Some or all of the utilities and transport companies would be brought into Category 1, placing additional costs upon them. It is difficult to estimate these but they are likely to be in the region of double or triple the figure indicated for Option Two because as Category 1 bodies they are likely to:
  - take up formal roles within working groups, leading to a greater number of meetings, preparation and research
  - play a greater role in multi-agency planning, training and exercising

- be obliged to re-examine their existing civil protection responsibilities under the various regulations, directives or license agreements which govern their current activities and ensure that they match the requirements of the Bill.
- Additional private businesses would be brought into Category 2. These might include operators of large local sports venues, representatives of retail centres, airline operators and operators of COMAH sites. It might include in Category 2 a range of charities and voluntary agencies some of which are regularly involved with emergencies.

67. There would also be an increased burden for the existing proposed Category 1 bodies in the public sector, such as the emergency services and local authorities. They would be obliged to take part in co-ordinating this larger framework, which would clearly go beyond the level of activity which currently exists across the UK. They would undoubtedly argue that this additional “burden” would require additional resources.

68. A larger number of organisations would lead across the board to greater complexity and, as we have seen, represent a larger regulatory and bureaucratic burden, in all likelihood leading to more meetings and greater exchanges of paperwork. It is likely that the need to deal with a wider range of organisations may cost those businesses that were Category 2 organisations under Option Two an additional two days a year at senior level (£300) and 5 days a year at professional level (£650), suggesting a figure of around £1235 once NICs etc. have been factored in, in addition to the estimated £2050 under option 2, suggesting a total in the region of £3290.

69. It is difficult to estimate how much it would cost for any private companies who became members of Category 1. The extension of membership and possible statutory underpinning of the LRF would significantly alter its nature. It would seem reasonable however to suggest that as an absolute minimum the likely costs would be double that of membership of Category 2. Depending on local arrangements and the level of each company’s current involvement with Category 1 responders at the local level that true figure may be more likely to be in the region of 3 or 4 times the Category 2 figure, suggesting a figure in the region of £6580 - £13150.

70. If the organisations in Categories 1 and 2 were required to form a statutory partnership through the LRF then these groups would be given powers to determine or influence the policies of their members. Local partners could face potential additional costs imposed by an overzealous strategic committee at the local level. This might also generate greater inconsistencies across the UK and begin to undermine one of the purposes of the Bill, which is a greater consistency of structures and provision in all local areas.

71. Summary of possible costs:

Option	Possible cost p.a. for transport and utility companies
1	£1740
2	£2700
3	£3290 in category 2 £6570 - £13150 in category 1

## (ii) Implementation costs

### Option 1: Continuation of current permissive regime:

72. There would be no additional implementation costs.

### Option 2: Duty on a limited range of organisations.

73. Category 1 organisations do not include private business, but the proposed duty includes a requirement on local authorities, as one of the Category 1 groups, to promote Business Continuity Management (BCM) in the community. This may be associated with emergency planning for city centre evacuations and flooding, and the promotion of BCM elements will constitute an additional cost on local authorities, which they may seek to defray by charging local businesses who respond to the initiative. These costs to business, which are entirely voluntary, are likely to be those of attending an annual seminar, buying in a consultant and implementing any proposed procedures. For example, the costs of attending a local authority BCM seminar might be in the range of £100 to £2000 per company; and those for hiring a consultant to prepare a BCM plan might be £1,000 per day (Source: Emergency Planning College).

74. It would be for the local authority to determine the nature of such events and therefore the costs. It is hoped that all Category 2 businesses would attend an annual seminar, if one were instigated. But these costs are of course entirely a matter for the company and not required by the Bill – and they might vary depending on the size of the company and the complexity and detail of the BCM plan required and choices made by the Local Authority in question. All Category 2 businesses should already have established business continuity plans and therefore it is likely that the outcome of advice from local authorities will be small improvements and additions to these plans. As this is down to individual companies, it is not possible to make a judgement as to the additional cost but it is expected to be minimal.

75. For Category 2 businesses, guidance will have to be digested and contacts made with other local partners. The costs will depend on which level of staff seniority the business involved chooses for the staff assigned to these tasks. Since most of the businesses involved already undertake many of the activities that will be required of them on a voluntary or permissive basis, the additional costs are likely to be insignificant. Guidance will be prepared and issued by the Cabinet Office, supported by some of the national stake-holders, including professional bodies. It will

set out the responsibilities of the organisation and the basic principles underlying them. The cost of familiarisation with this is absorbed into the one day a month figure.

Option 3: Duty on larger range of agencies - with co-ordination ensured by a statutory partnership

76. Implementation costs will be similar to those in Option 2 - but increased significantly to the extent that the new arrangements would not effectively match what currently exists, as in Option 2, but go beyond it. There would be a greater number of organisations and a greater complexity of guidance needed for involvement in a statutory partnership. In their responses to the recent consultation, none of the groups currently proposed for the Category 2 role has favoured Option 3.

**(iii) Costs for a typical business**

77. Category 2 organisations will be limited to co-operating and sharing information with Category 1 and other Category 2 organisations. Their level of activity will therefore be dependent on the decisions made locally. It will therefore vary according to the identified risks in a local area and the nature of the role the Category 2 organisations play within the locality. It will be dependent too upon the individual internal decisions of the companies involved.

78. Possible policy costs per Police Force Boundary Area for Category 2 organisations:

Activity	Cost p.a.			Comments
	Option 1	Option 2	Option 3	
Obtaining LA BCM advice	N/a	£100 - £2000	£100 - £2000	Perhaps a yearly seminar
Supply of information, co-operation, training and exercising as members of category 2.	£1740	£2700	£3290	Will depend entirely on the nature of activities working groups and LPC identify.
Meeting all duties as a member of category 1.	N/a	N/a	£6580 - £13150	
Estimated total	£1740	£2800 - £4050	£3390 - £15150	This is purely indicative as the total will vary depending on locality and the resources any particular company decides to commit to these functions.
<b>Total minus estimated current expenditure of £1740</b>	<b>N/a</b>	<b>£1060 - £2310</b>	<b>£1650 - £13410</b>	

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**(iv) Other costs**

79. Under the New Burdens procedure, the Cabinet Office will be responsible for finding the resources to transfer into the appropriate local government finance settlement as reimbursement to local authorities for the costs of their statutory role in emergency planning. At present the cost of compliance for Local Authorities is paid out of the Civil Defence Grant. Some local authorities have chosen to fund the activity above the level of grant for many years, and this is likely to continue. Other responder bodies, such as the emergency services, tackle emergencies as part of their normal operational remit and have not received additional or special funding for these tasks. It is not proposed to change this situation.
80. The consultation period has provided the opportunity to revisit assumptions about the burdens that the Bill will impose on public sector organisations. No firm evidence has been brought forward to suggest that the Bill will be anything other than funding neutral in its impact on the overwhelming majority of public sector bodies. This reflects the essentially organisational nature of Part 1 of the Bill.
81. As regards local authorities, the consultation process revealed considerable disquiet about the level of funding available for civil protection. However, this disquiet related more to the level of funding available for resilience in the round than the specific impact of the Bill. There was insufficient evidence to support the assertion that the Bill would lead to increased funding pressures.
82. The Joint Committee conducting pre-legislative scrutiny of the draft Bill did not recommend that the level of funding for civil protection work in local authorities be increased. With some caution, it accepted the Government's position that the place for decision-making about the level for funding for any area of policy was the Spending Review process. It noted that without sight of the detailed regulations it would not be possible to form a view on the resource impact. It is clear from the draft regulations, however, that the extent of the obligations is much smaller than many external stakeholders envisaged. We believe therefore that the Bill and regulations as they currently stand are funding neutral. Nevertheless, any subsequent changes to the regulations would of course be considered in terms of the new burdens principle.

**(v) Total Costs**

83. A global figure for the total cost to business of Option 2 was attempted in the Partial RIA. This has now been reassessed in the light of policy development and further information obtained. It is possible to assess the approximate range of additional costs which a private body brought into Category 2 may incur in one LRF area. What is not feasible is to arrive at

a sensible figure for all Category 2 companies across all LRF areas. This is because, in response to the concerns of Category 2 bodies who wish to minimise wasteful duplication, it has been agreed that not all of them will have to attend every meeting. Regulations would permit Category 2 bodies to nominate a representative to attend on their behalf – but these agreements would have to be worked out locally in each case, and this would not be done until the regulations are issued if the Bill is enacted. Individual companies will make their own decisions regarding whether they will participate directly in LRFs or do so through representatives. It is not therefore possible at this time to give a meaningful estimate of the total cost to business of the Bill.

## **5. Consultation with small business: the “Small Firms Impact Test”**

84. Civil protection does not directly impact on small businesses beyond the general public good it provides. The proposals under any of the options do not affect small businesses. For example, small businesses may not because of business pressures be able to attend planning meetings for city or town centre evacuation in face of possible terrorist bombs or flooding – but more systematic arrangements covering neighbouring companies in their area (and, in particular, warning and informing arrangements) may be anticipated to extend to them and to include them on a “good neighbour” basis. These improved arrangements may be negotiated by the Category 1 responder bodies with local chambers of trade or other business forums (for example, local networks of bars and public houses) on which the smaller companies are represented.

## **6. Completion assessment**

85. The proposed legislation will affect a number of separate markets (e.g. utilities, transport, and broadcasting). However, the Office of Fair Trading (OFT) have been unable to identify any markets that are likely to be significantly affected. Given that compliance costs for business are expected to be negligible, and to have no disproportionate impact on the businesses affected, it is not anticipated that there will be any (or any appreciable) impact for competition. In the recent consultation, respondents were asked to identify any possible impacts on competition which should be brought to government’s attention. Some were concerned that the requirement on Category 2 bodies to share information in relation to emergencies, coupled with that on Category 1 bodies to publish information about aspects of their risk assessments and plans, might damage confidentiality and thus potentially their competitive position. However, this is essentially a matter for Regulations - and the draft Regulations are being prepared with a view to protecting the confidentiality of business information provided in good faith under civil protection obligations.

## **7. Enforcement and Sanctions**

86. The certainty provided by the new framework provides the basis for robust performance management of civil protection activity to ensure operational effectiveness and financial efficiency. While consideration has been given to establishing a new mechanism for performance management, perhaps through an inspectorate, the Government believes that the use of existing mechanisms achieves its aims of ensuring consistency of performance and bringing civil protection into the mainstream.
87. The new framework will feed into established processes through bodies like the Audit Commission, the emergency services inspectorates and the utility and transport regulators. And in common with other areas of policy, the means are already in place to allow the Minister to monitor performance and take effective action in the event of poor performance or non-compliance.

## **8. Monitoring and Review**

88. Monitoring is expected to rely on the existing monitoring regimes covering each of the different Category 1 and 2 responder organisations. For example, local authorities are subject to the Best Value and Comprehensive Performance Assessment regime operated by ODPM, which also relies on the Audit Commission. The emergency services have their own inspectorates. Most of the utilities and transport companies are subject to regulators or ministerial direction. Monitoring under the Bill would build on these arrangements, subject to any additional requirements from time to time imposed by the designated minister in the Cabinet Office. The Cabinet Office will of course issue guidance and - where relevant and after consultation with the appropriate ministries, regulators and stakeholders - standards and performance indicators.
89. The operation of the local-level proposals will be reviewed by the Cabinet Office and evaluated within 3 years of coming into force. The framework of the Bill, with the allocation of responsibilities across two categories of responder organisation, has been designed to permit movement between the categories (or out of both) if this is deemed to be desirable. This flexibility means that the operation of the proposed new framework can be changed appropriately and as necessary.

## **9. Consultation**

90. The following consultation has taken place on the proposals:

- **Within Government**

Policy has been formulated from the outset with the close co-operation of, amongst others, ODPM, the Home Office, DEFRA, DTI, the Regulatory Impact Unit, MoD, DfT, DoH, Overseas and Defence Secretariat, HMT, HSE, the Environment Agency, and the Devolved Administrations. Representatives of these government-level bodies have been involved with stakeholders from outside government, representing local responder

interests, on Issue Resolution Teams which have helped to formulate and determine the policy. Water UK was involved in the main local responder Issue Resolution Team. In addition, other utility and transport bodies have been approached and were involved in policy discussions as part of the policy formulation process, as well as the policy officers working with businesses in these sectors within relevant Departments. Other interested parties have been kept informed of progress and emerging proposals in what has been an open and inclusive policy-making process.

- **Public Consultation**

The Emergency Planning Review in the summer and autumn of 2001 formed the starting point for work on the Bill. The issuing of the consultation paper was accompanied by a series of seven public seminars for structured discussions with stakeholders throughout England and Wales. The proposals were then developed with the close involvement of bodies representing stakeholder groups mentioned above, including professional and representative associations such as the Association of Chief Police Officers, the Local Government Association, the Chief and Assistant Chief Fire Officers Association, the Emergency Planning Society, the Society of Local Authority Chief Executives, the Ambulance Services Association, Welsh Local Government Association, and Water UK. Final proposals were approved by a policy steering group consisting of stakeholders, Government Departments and the Devolved Administrations. Subsequently, with the publication of the draft Bill, together with a Consultation Document and the Partial Regulatory Impact Assessment, there was a second round of public consultation, organised through the nine government offices of the English Regions - involving public meetings, with close questioning, in each of these areas, with similar events in Wales Northern Ireland and Scotland - and a written consultation beginning in June and finishing in September 2003. The results of this second consultation have of course informed the development of final policy proposals and contributed to the preparation of this Full RIA. If the Bill is enacted public consultation will take place upon proposed regulations, this will be accompanied by an assessment of their regulatory impact.

## **10. Summary and Recommendation**

91. The policy objective is to enhance local resilience by improving the local capacity to detect, reduce and handle risks through enhanced co-ordination and clarity of roles and planning assumptions.
92. The results of the cost-benefit analysis for Option 1 are neutral, no additional costs will be incurred and no additional benefits delivered. For Option 2 additional costs per private sector organisation subject to the duty of £1060 - £2310 are possible but, in the view of the Government, the benefits of improved co-ordination and more effective and efficient planning and response arrangements more than outweigh this. Option 3 would place additional costs of around £1650 - £13410 depending on

whether a company was to become part of an extended list of Category 2 organisations or brought into category 1. It would probably bring additional benefits of greater integration of planning activity, but would appear to go somewhat beyond the government's policy objective of consolidating the existing framework.

**Option 1: Continuation of current permissive regime,**

93. This would not meet the policy objective of establishing resilience systematically and with confidence at a local level across England and Wales. It would not address sufficiently the problems of ensuring better preparations at a local level in future for wide-area and catastrophic emergencies. It would not do enough to address the inconsistencies of present arrangements. It would most likely leave a greater risk of emergencies occurring, with all the attendant potential costs to the local community, including local businesses, charities and the voluntary sector.

**Option 2: Duty on a limited range of organisations,**

94. By establishing a firm basis for co-operation in civil protection at a local level, Option 2 meets the policy objective of building local Resilience. It relies on a core of public bodies (Category 1), already closely involved in emergency planning and in emergency response, accepting a duty to co-operate more systematically and effectively. Because they are already engaged in this activity, the additional costs to these bodies will not be great, and their representative bodies have welcomed the firmer foundation proposed. This option will also place a requirement on a second category of co-operating organisations (Category 2) - which includes some private companies, such as utilities and transport companies - which will be required to co-operate by providing information to other partners, attending some meetings and taking part in occasional joint training and exercises. Many already undertake such work and any additional costs will therefore be relatively insignificant.

95. The proposals meet the Prime Minister's commitment to "getting the balance right between the benefits which regulation provides and any additional burdens that might be imposed".

**Option 3: Duty on larger range of agencies - with co-ordination ensured by a statutory partnership,**

96. By including a larger number of organisations in Categories 1 and 2 and by establishing a new statutory strategic body at a local level to implement the new policy principles, Option 3 would also meet the local resilience objective, albeit at a level which goes somewhat beyond what currently exists. It would do so at the cost of new statutory burdens on a wider range of organisations, including a greater number of private businesses, charities and voluntary organisations, with associated costs. It would also give local strategic groups based on police boundary areas new powers to co-ordinate all the groups covered by the duty within their areas. Inevitably, this would lead to the new bodies claiming some rights of "jurisdiction" over the activities of member organisations and it could lead to greater "diligence" in some parts of the country and a "light touch" in

others, with greater costs incurred in the former areas and potential inconsistencies between local areas.

## 11. Declaration

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs

A handwritten signature in black ink, appearing to read 'Douglas Alexander', written in a cursive style.

**Signed** this remains blank until the legislation is to be sent to Parliament it then becomes a Full RIA

**Date**

Douglas Alexander MP

Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster

## Annex A

Type of risk	Frequency	Likely effects	Indicative costs	Mitigation practices	Examples of risk reduction	Impact of Bill
<b>Flooding.</b> Around 5 million people, in 2 million properties, live in flood risk areas in England and Wales.	Annual in some areas	Destruction of property. Closure of businesses, Schools etc. Increased insurance premiums.	Variable, but estimated in 1999 at around £600 million per annum (NAO) <sup>10</sup>  The Association of British Insurers estimates, on the basis of research undertaken by the Building Research Establishment, that a significant inland flooding event affecting two major catchments would give rise to insurance claims of £1-2 billion (the events of autumn/winter 2000 resulted in additional claims of around £1 billion), whereas a major east coast event affecting the Thames Estuary could give rise to claims totalling £8-10 billion. <sup>11</sup>	Town Planning. Flood defences. Evacuation. Issuing of warnings.	Current inland and coastal flood defences are estimated to reduce the annual cost of damage from flooding by over £2 billion as compared to the annual investment by flood defence bodies of some £400 million. <sup>12</sup>  Business Continuity Management (BCM) Planning by companies exposed to possible flooding.	New statutory framework supports Environment Agency, Police and local authorities in preparing consistent and effective flood planning arrangements in vulnerable areas throughout the UK. It brings utilities and transport companies into the new framework.  Promotion of BCM by local authorities to the commercial sector
<b>Severe storms</b>	Rare	Destruction of property. Closure of businesses, Schools etc.	The UK storms of January 1990 caused insurance losses of £500 million.  Costs to the USA of weather-related disasters between 1988-1997 were approximately	Issuing of warnings Temporary re-housing.	Business Continuity Planning by companies vulnerable to severe weather effects	LRFs work with Met Office to ensure sound incorporation of National Severe Weather Warnings into local planning arrangements.

<sup>10</sup> [http://www.nao.gov.uk/publications/nao\\_reports/00-01/0001299.pdf](http://www.nao.gov.uk/publications/nao_reports/00-01/0001299.pdf)

<sup>11</sup> Association of British Insurers, consultation response, September 2003

<sup>12</sup> "Inland Flood Defence", 15 March 2001, NAO.

Type of risk	Frequency	Likely effects	Indicative costs	Mitigation practices	Examples of risk reduction	Impact of Bill
			<p>US\$140 billion. August 1992 – May 1997 saw 911 deaths as a result of such incidents (FEMA).</p> <p>World-wide weather-related financial losses reached US\$38 billion in 1995, winter floods in Europe accounting for US\$3.5 billion (US Dept. of Energy.)</p>			<p>Companies generally benefit from the heightened awareness of severe weather events provided by the procedures and the heightened preparedness of Category 1 responders and the co-operation of Category 2 responders.</p> <p>Promotion of BCM by local authorities to the commercial sector</p>
<b>Large-scale terrorist incident</b>	Very rare	Loss of life. Injuries. Destruction of property. Closure of businesses, Schools etc.	<p>The Manchester bomb in 1995 gave rise to insurance claims (backed by the Pool Re scheme) totalling £257m, on top of which there may have been claims met by other insurance markets (eg Lloyds') in addition to costs retained by businesses and individuals who were uninsured or inadequately insured.<sup>13</sup> Estimates put the total cost of the bomb in the region of £1bn.</p>	<p>Police operations. Evacuations. LA actions e.g. CCTV, parking restrictions etc. Security and screening arrangements.</p>	<p>Temporary closure of airports. Vigilance at ports and airports. High alert security status. CBRN alert. Increased patrols and intelligence activity. Design of buildings and car parks. Use of CCTV cameras.</p>	<p>Local forum (the LRFs) established to strengthen co-operation between local responders across all police force areas in England and Wales. Support for improved multi-agency working, including risk assessment, specific plans for this type of event, training of key staff and regular exercises to test joint planning arrangements. Improved warning systems</p>

<sup>13</sup> Association of British Insurers, consultation response, September 2003

Type of risk	Frequency	Likely effects	Indicative costs	Mitigation practices	Examples of risk reduction	Impact of Bill
			<p>The Docklands South Quay bomb resulted in £117m in insurance claims.<sup>14</sup></p> <p><b>11 September, USA:</b><sup>15</sup>            Estimated cost of attacks to US based solely on property losses and insurance costs: US\$21billion. Estimated total losses to the world insurance market from the World Trade Centre: £25bn-£50bn.            Estimated number of jobs lost in lower Manhattan area: 100,000 . Number of jobs it has been estimated will be lost in the US as result of the attacks by the end of 2002: 1.8m. Amount it has been estimated that US commercial insurance premiums will rise by to cover the potential cost of future terrorism between 2002 and 2004: 50%.</p>		<p>Strengthened doors and windows.            Warning systems.            Evacuation plans.            Business Continuity Management.</p>	<p>and arrangements for developing public awareness of risk and of actions to take in an emergency.            Development of recovery plans for the community, including businesses, and including capabilities to respond effectively to massive disaster.</p> <p>General benefit to business from improved awareness of the risks of these events and confidence in preparedness to deal with them, together with practical efforts to ensure that businesses themselves know what to do, including planning to maintain their operations as much as possible and to recover from disruption as quickly and smoothly as possible.</p>
<b>Foot and Mouth Disease (FMD)</b>	Historically twice in last 50 years	Death and destruction of livestock. Knock on effects across	Estimated by the National Audit Office as £3 billion direct costs to agriculture and £5 billion indirect costs to other	Controls on movement of livestock. Closure of footpaths.	Measures put in place by DEFRA to prevent new outbreaks. Business Continuity	National framework – local, regional and national – improves co-ordination and communication between responders at all levels.

<sup>14</sup> Association of British Insurers, consultation response, September 2003

<sup>15</sup> <http://www.observer.co.uk/Print/0,3858,4483780,00.html>

Type of risk	Frequency	Likely effects	Indicative costs	Mitigation practices	Examples of risk reduction	Impact of Bill
		rural and tourist sectors. Business failures. Closure of businesses, Schools etc.	sectors, such as tourism.		Planning.	<p>LRFs support regional arrangements and familiarise all responder groups with each other and with planning arrangements. Where appropriate partner bodies develop and keep up to date specific planning arrangements.</p> <p>Benefits to business of risk awareness and confidence in effective response procedures.</p>

### **Foot and Mouth: An example**

The overall costs of the Foot and Mouth outbreak have been estimated by the National Audit Office as £3 billion direct costs to agriculture and £5 billion indirect costs to other sectors, such as tourism. The net costs to the economy, when offset against increased spending elsewhere, are estimated at £2 billion. (National Audit Office, "The 2001 Outbreak of Foot and Mouth Disease", 2002).

It is not clear by how much such losses might have been reduced by the implementation of proposals such as those contained in the Bill. The Anderson report ("Foot and Mouth Disease 2001: Lessons Learned Inquiry") suggests that not only should the farming industry be made less vulnerable to disease (which is not a matter for this Bill) but that, if an outbreak does occur, the impact should be minimised (which is where the proposals in this Bill may help). According to Anderson, improved planning at the local level and between national and local levels will achieve a swifter and better co-ordinated response. Four relevant points in the Lessons learned section of the report are as follows:

- "Be prepared with comprehensive contingency plans, building mutual trust and confidence through training and practice
- "React with speed and certainty to an emergency or escalating crisis by applying well-rehearsed crisis management procedures
- "Explain policies, plans and practices by communicating with all interested parties comprehensively, clearly and consistently in a transparent and open way
- "Respect local knowledge and delegate decisions wherever possible, without losing sight of the national strategy."

All these points are consistent with the thrust and objects of the policy proposals.

The Anderson report contrasted efforts in England and Wales to those in Scotland, where the effectiveness of response was achieved by good co-ordination between the levels of government and where the local authority played a central role, concluding that south of the border the expertise of local authorities was not as effectively sought out and deployed by other agencies.

## Annex B

### **CATEGORY 2 ORGANISATIONS: POTENTIAL IMPACT OF THE 7 ELEMENTS OF THE DUTY**

	1	2	3	4	5	6	7
DUTY	Risk Assessment	Planning Arrangements	BCP	Warn and Inform	Share Information	Co-operate	Promote BCM
<b>CATEGORY 2 RESPONDER</b>	<p><u>As part of column 5:</u></p> <p>Likely to be asked to provide information re risks from their perspective</p>	<p><u>As part of columns 5 and 6:</u></p> <p>May be asked to “dovetail” their own planning arrangements with local partners. May be asked to take part in occasional tabletop or live exercises when the scenario relates to their role.</p>	<p><u>As part of column 5:</u></p> <p>Might be asked to provide information about the security or resilience of their services under BCP</p>	<p><u>As part of column 6:</u></p> <p>Might be asked to co-operate in warnings related to their areas of responsibility</p>	<p><u>See also, columns 1, 2 and 3.</u></p> <p>Information sharing is likely to be by correspondence</p>	<p><u>See also, columns 2 and 4</u></p> <p>Co-operation is likely to be by: attending multi-agency meetings once or twice a year, taking part in exercises (table top) once a year; (live) once every 3 yrs receiving visits from EPOs, 3 times per year</p>	<p>Might be invited by local authority to attend BCM seminar</p>

NB. This table has not been changed from the Partial Regulatory Impact Assessment because the potential impact remains the same. Most companies are doing much of this already. Therefore, additional costs are likely to be minimal. e.g. British Airports Authority: "This does not seem to be unduly burdensome. It appears in many respects simply to put on a legislative footing the sort of information sharing and co-operation exemplified by BAA in respect of the recently threatened strikes at their airports."

## INDICATIVE LIST OF BUSINESSES AFFECTED BY THE PROPOSALS

Businesses in Category 2 will gain a duty to co-operate and share information. To reduce the possible burden on businesses – and to make the LRF meetings manageable in areas where an inconveniently large number might otherwise be required to attend – companies will be permitted to nominate an industry representative to attend meetings on their behalf. The final list will be set out in regulations once settled

### Utility companies

<b>Gas</b>			
National Grid Transco			
<b>Electricity</b>			
Aquila Networks East Midlands Electricity Distribution EPN Distribution London Power Networks	Northern Electric Distribution Scottish Hydro- Electric Power Distribution SEEBBOARD Power Networks Southern	Electric Power Distribution SP Distribution SP Manweb United Utilities Electricity Western Power Distribution	(South Wales) Western Power Distribution (South West) Yorkshire Electricity Distribution
<b>Water</b>			
<b>Water and sewerage companies:</b>  Anglian Water Services Ltd Dwr Cymru Cyfyngedig (Welsh Water) Northumbrian Water Ltd Severn Trent Water Ltd South West Water Ltd Southern Water Services Ltd Scottish Water	Thames Water Utilities Ltd United Utilities Water Plc Wessex Water Services Ltd Yorkshire Water Services Ltd  <b>Water only companies:</b>  Albion Water Ltd Bournemouth and West Hampshire Water Ltd Bristol Water Plc	Cambridge Water Company Plc Cholderton & District Water Company Ltd Dee Valley Water Plc Essex & Suffolk Water Folkestone & Dover Water Services Ltd Hartlepool Water Plc Mid-Kent Water Plc Portsmouth Water Plc	South East Water Plc South Staffordshire Water Plc Sutton and East Surrey Water Plc Tendring Hundred Water Services Ltd Three Valleys Water plc
<b>Public Communications Providers (landlines and mobiles)</b>			
BT Cable & Wireless COLT Crown Castle	Global Crossing Hutchison 3G Kingston Communications	Mmo2 (formerly cellnet) Orange SSE Telecoms Ltd	THUS Vodafone Worldcom Your

(broadcast transmission) Energis Omne Communications	NTL (PTO and broadcast transmission)	T Mobile Telewest	Communications
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### Transport companies

<b>Network Rail and Passenger Rail Operators</b>			
Network Rail (formerly Railtrack) Anglia Railways Arriva Trains Northern Hull Trains c2c Central Trains Chiltern Railways Eurostar	South Eastern Trains Gatwick Express Heathrow Express First Great Eastern Great North Eastern Railway First Great Western Island Line	First North Western ScotRail Silverlink South Central South West Trains ThamesLink Thames Trains Midland Mainline	Virgin Cross Country Wales and Borders WAGN Wessex Trains Merseyrail Electrics
<b>Freight Train Operating Companies</b>			
Direct Rail Services	English, Welsh and Scottish Railway	Freightliner	GB Railfreight

<b>Airports</b>	
London Heathrow	BAA plc
London Gatwick	“
London Stansted	“
Southampton	“
Luton	London Luton Airport Operations Ltd
Cardiff	TBI plc
Manchester	Manchester Airport plc
Liverpool	Peel Holdings Ltd
Newcastle	Newcastle International Airport Ltd
Leeds/Bradford	Leeds Bradford International Airport Ltd
Teesside	Teesside International Airport Ltd
Humberside	Manchester Airport Group
Sheffield City	Tinsley Park Ltd/Peel Holdings
Bristol	McQuarie and CINTRA
Exeter	Exeter and Devon Airport Ltd
Newquay	MoD
Plymouth	Sutton Harbour Holdings Ltd
Bournemouth	Manchester Airport Group
Birmingham	Birmingham International Airport Ltd
East Midlands	Manchester Airport Group
Coventry	Air Atlantique Group
London City Airport	London City Airports Ltd
Norwich Airport	Norwich Airport Ltd

Blackpool Airport	Blackpool Airport Ltd
Kent International Airport	The Wiggins Group
Belfast International Airport	TBI Plc
Belfast City	Ferrovial
City of Derry	Local Authority
Edinburgh	BAA
Glasgow	BAA
Aberdeen	BAA
Prestwick-Infratil	Special Utilities Investment Trust plc & Omniport Plc
Inverness	HIAL
Kirkwall	HIAL
Sunburgh	HIAL
Stornoway	HIAL/MOD
Scatsta	SIC/Lanowner/Serco
The Isles of Scilly-St Mary's	Council of Isles of Scilly
Penzance	British International

### **Ports**

The focus in emergency planning work would be on Harbour Authorities (which deal with navigation on the various stretches of water). There are 259 Harbour Authorities in England & Wales.

## **Annex D**

### **COSTING THE PROPOSALS FOR CATEGORY 2 ORGANISATIONS**

Research has revealed that the companies involved are currently already engaged in co-operation and the sharing of information with partner agencies such as Local Authorities and the Emergency Services. Indeed organisations such as public communications providers are required to do so by their operating licences. The new duties will in practice replace some of these activities, meaning the costs they will incur will not be entirely new. The below sets out some of the existing obligations in this field and comments on their relationship with the duties proposed in the Bill.

#### **Utility Companies**

##### **Gas**

National Grid Transco are the main gas distribution company in England and Wales. They reserved their position on the costs of emergency preparedness until they see the draft regulations. But the company regards their classification as Category 2 responders “as consistent with our roles and responsibilities.”

##### **Electricity**

The Electricity Association is reviewing the costs and benefits of emergency planning. A DTI consultant with long commercial experience considered membership of Category 2 as “low cost” and involving activities which most companies would want to do or are already engaged in. He added that taking part in exercises might involve larger expenditure, but again there were significant business benefits.

In response to the consultation, British Energy commented that the implementation costs identified in the Partial RIA were probably accurate, but did not feel that the costs of taking part in exercises, learning from them and fulfilling the other regulatory requirements were transparent. EDF Energy thought that the Partial RIA took “no account” of the costs of co-operating in planning and exercises. At the same time, they welcomed the Bill.

Other companies expressed broadly similar views, particularly in regard to possible attendance at large numbers of meetings and similarly large numbers of requests for information.

##### **Water**

Water companies are already tightly regulated under the Water Act Security and Emergency Management Direction, which requires them to liaise with partners and to respond to emergencies. According to the Chair of Water UK, which represents the companies, there are unlikely to be additional costs to them.

Bournemouth and West Hampshire Water said in response to the consultation that there was nothing in the government’s pragmatic approach to the RIA

that they disagreed with. Southern Water were concerned that they might have to attend too many meetings.

### **Public Communications**

Oftel (shortly to become Ofcom) chairs a Telecommunications Industry Emergency Planning Forum whose members are the companies listed in Annex C above. They are operators of dialtone services (fixed line and mobile) which qualify them as key members of the public communications national infrastructure.

These companies already have conditions imposed on their business which are quite extensive, requiring them to make and maintain emergency response plans and to talk to local responders. Initial discussions with a BT manager indicated that the additional costs of providing information for emergency planning purposes and of taking part in occasional meetings will not be significant. However, subsequently BT has reserved its position until it sees the detail of what is required under Regulations.

### **Transport Companies**

#### **Rail**

DfT and the Strategic Rail Authority are not aware of formal liaison between train operating companies (TOCs) and local authorities (LAs). But a substantial amount of local level co-operation already takes place. A Train Operating Companies Emergency Planning Forum has been established nationally, which together brings planners from all the TOCs.

The Category 2 requirements might impose additional costs on the TOCs (whose routes may cross a considerable number of police boundary areas) if they were obliged to attend a large number of regular meetings. However, there is already co-operation between TOCs, and Regulations under the Bill will permit continuation of the current practice where the lead company based in a particular area will attend and act for the others.

Initially, Network Rail said that they envisaged no problems or additional costs from the proposals. In response to the recent consultation, they have now revised their view in consideration of the impact that attending a large number of LRFs may have for them. However, Network Rail “remains supportive of the obligations imposed upon it as a Category 2 responder.”

Contact with Arriva Trains Northern has confirmed that they already hold regular meetings with the majority of the Local Authorities that lie within their areas of operation. In their case, this includes the whole of Yorkshire and parts of Lancashire, Cumbria, Northumberland, Teesside, Durham, Scotland and Lincolnshire, as well as parts of Nottinghamshire and Derbyshire. Additional costs are therefore likely to be minimal.

#### **Air**

Most aircraft accidents occur within a few miles of an airport. Several UK airports have Standing Emergency Planning Groups which may meet annually

or six monthly. The groups bring together all the partner agencies involved in emergency response, including the emergency services. As a result of the Bill more of these committees may be established, but they are not a requirement of the Bill.

Since airport operators are obliged under their license from the Civil Aviation Authority to hold a major “live” exercise once every two years, they are already involved on a regular basis in multi-agency planning for these events, which may take several months of preparation. So the additional costs, if any, are likely to be negligible. The British Airports Authority, in their response to the recent consultation, say they “broadly concur with the assessment [under the RIA], particularly as it relates to Category 2 responders.”

### **Ports**

The DfT is actively pursuing the question of costs and benefits for ports and harbours of emergency planning and how much of this activity they already undertake. A DfT team has been visiting ports as part of a costing exercise. At the time of publication, they were unable to assess what the additional cost of providing information and attending meetings might be.

However, contact with a Harbourmaster and Port Manager in Southampton suggested that the additional costs will be minimal there, since both the Harbour and Port authorities are already involved in liaison meetings with local partners, such as the Maritime and Coastguard Agency, the police and local authorities.

The British Ports Association, which represents 86 ports throughout the UK, commented in response to the consultation that it reserved its position on the likely costs, but expected that its commitment would not be greater than that set out in the main analysis of costs for Category 2 bodies under Option 2.

## **United Utilities – a case study**

### Introduction

United Utilities PLC (UU) is a multi-utility company providing water, sewerage, electricity and telecommunications services to 12 million people in England, Wales and Scotland. UU's Service Delivery business provides multi-utility services to 7 million people, together with commerce and industry, across North West England.

UU was invited by the Cabinet Office's Civil Contingencies Secretariat to assist in the development of the Full Regulatory Impact Assessment to support the Civil Contingencies Bill. UU was asked to respond to nine questions on the potential impact of the Bill upon UU's emergency planning support for its service provision in North West England. Answers are provided separately for water, wastewater, electricity distribution and communications services to UU's customers. The first three services are provided by UU's 'Service Delivery' Business. Telecommunications Services to Small and Medium Enterprises are provided by UU's 'Your Communications' Business. The answers compare the present emergency planning resource provision with estimates of the resources likely to be required if the Bill is approved in its present form and UU becomes a Category 2 Responder across the region.

### **Assumptions and uncertainties**

This assessment inevitably requires a range of assumptions to be made as a considerable degree of uncertainty about the Bill's impacts remains in the absence of published regulations. The principal sensitivity in the calculations is the reaction of individual local authorities as Category 1 Responders. Were individual authorities to significantly increase their liaison with UU as a result of the Bill, rather than dealing jointly with the Company via the Local Resilience Forums (LRF), this would adversely impact the resource implications for UU and require revised resource assessments to be made.

### **Wider Applicability**

As a utility services provider UU takes its emergency planning responsibilities seriously. Whilst there will be similarities between utility organisations' emergency planning activities no two organisations will approach the task in identical ways. Many factors, for example, utility sector, geography, topography, population density, customer segmentation and stakeholder relationships will influence a utility organisation's emergency planning approach and resourcing. The information provided reflects solely UU's approach in North West England. It should not be taken to imply what is appropriate for any other organisation in that region or elsewhere.

## **Current resourcing**

UU's Service Delivery business currently employs 4.75 full time staff in emergency planning roles at an average of £23 per hour including 25% on costs and 10% annual bonus based on 52 weeks at 37 hrs/week. This suggests a total of £4040 per week. Three of these are considered to be middle level senior managers. Sixty percent of their time is spent on the water area of the business with the remaining forty percent divided equally between sewerage and wastewater treatment and electricity distribution. Staff currently spend the following percentages of their working week engaged in information sharing and co-operation with local responder bodies:

- 1 x Emergency Planning Manager: 10% (4 hrs/week)
- 2 x Risk Control Managers: 50% (18.5 hrs/week each)
- 2 x Risk Control Analysts: 20% (7.5 hrs/week each)

UU estimates that dealing with these issues at a local (LRF) level, rather than efforts at a regional or national level, account for 7.5 hours a week of staff time. This suggest a cost of some £173 a week spent on these areas of work at present per county (or LRF) area.

### Impact of the Bill

UU, while reserving their position in lieu of sight of the regulations, consider that any resource increase would depend upon the frequency of LRF meetings (assumed quarterly with 50% current attendance by UU). UU assumes that no increase in full-time headcount would be required and that there would be no significant change to the average hourly pay rate of £23. UU considers that the number of middle level senior managers would be unaffected but that the overall time spent on local level information-sharing and co-operation may increase from 7.5 to 8.5 hours a week, raising the weekly cost by £23. Suggesting a total additional yearly cost of some £7176, that is, £1196 per LRF area. This figure covers UU's water, waste water and electricity areas of business. A utility company dealing, for example, with only water, could therefore be expected to incur perhaps a third of this figure.

Annex F – Economic costs of disasters

