

## Evidence & Insight Centre Brief: Value of safety

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### October 2020

Lloyd's Register Foundation is seeking to commission, via a grant, a desk-based review into the value of safety.

The findings of this research will be published by the Foundation to contribute to the body of knowledge on safety and will also inform the implementation of the Foundation's strategy in this area.

Interested applicants are asked to respond to the brief below with a proposal by **20 November 2020**. The deadline for the project's completion is **31 March 2021**. Please see below for full details. Please note that, with the exception of our small grants scheme, we are unable to award grants to individuals.

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### Introduction to Lloyd's Register Foundation

Founded in 2012, Lloyd's Register Foundation is a UK charity with global reach and the sole shareholder of the Lloyd's Register Group. With a [mission to protect the safety of life and property](#), and to advance transport and engineering education, the Foundation has an important role to play in meeting the challenges of today and the future. For more information about the Foundation and the critical infrastructure-related challenges it focuses upon, read our [new strategy](#).

### Task outline

#### Aims and Roadmap to change – (The 'Why?')

There are costs associated with the creation of safe environments, which are balanced against the consequences of harm if no action is taken. The Foundation's Evidence and Insight Centre is inviting calls for applications to explore how the economic value of safety is understood (including calculation of the financial cost of safety, versus the positive value accrued), and what evaluation processes are embedded in practice.

Aligned with the Foundation's mission to make the world safer, through enhancing the safety of life and property at sea, on land and in the air, we plan to award a grant for a desk-based scoping study. The study will seek to understand and assess the status, and effectiveness, of current methodologies to value safety, and to explore the opportunities to update and embed these. The work will cover a broad definition of safety, including safety of life and property both from an occupational and societal perspective. It will explore whether there is an unmet need around the process of calculating the value of safety, and the opportunities and potential for positive impact derived from an improved understanding and application of methodology.

In creating safe environments, there are naturally costs associated with the provision of safety interventions. Direct costs of intervention are relatively easy to calculate and scale, however, the indirect costs of non-intervention and subsequent incidents and accidents are varied and complex, and may include:

- **Employer** – e.g. business interruption, loss of trade, reputational, insurance, training, technology, compensation, costs of restorative action and preventative measures, impacts on stock / shareholder value.
- **Personal** – e.g. health and wellbeing, loss of earnings, benefit claims.
- **Social cost** – e.g. impact on family, emotional, impact on communities.
- **Hidden costs** – e.g. to both insured and uninsured organisations.
- **Opportunity cost** – e.g. of lost foreign direct investment (FDI) in countries that do not make sufficient government investment in safety regulation. This area is very topical due to governments looking to attract manufacturing activity. Also, to include loss of domestic government investment.

With this as a backdrop, the fundamental question this project wants to address is: what is the economic value arising from safety interventions, estimated through understanding the natural progression of incidents and accidents that occur if steps are not taken to assure safety. If the value can be quantified financially, then application of value of safety methodology could be used as a tool to help demonstrate potential impact of a range of safety interventions.

The **Roadmap to change** is that the Foundation furthers internal understanding of the value of safety, and engages with partners to support decision making in safety that makes the world a safer place. This initial stage of work will provide insight into who the leading authorities are and potential impact partners to collaborate with. A further key output will be to identify if anyone is interested in this information, is there a need for it, and if so, who would use this information and what the potential impact would be.

The material developed from this first stage could also form the core of a future publication. This insight will also inform and contextualise further discussion, and bring insight around gaps in methodology, learnings from safety failures, what benefits / impact can improved procedures deliver, etc.

### Scope – (The ‘What’)

In shaping this context, points to explore at the initial stage of the project would be:

- How is value of safety currently defined and measured? What methodologies currently exist to value safety?
- To what extent are these methodologies established in practice?
- On what basis are decisions currently made about whether or not to implement a safety intervention?
- Who is conducting the valuation and who are the custodians of the information? Are there any barriers to sharing information?
- Who are the leading experts and voices of authority on this subject, that could help inform the debate and influence industry practice?

### Approaches to understanding these questions:

Context and geography e.g. different legal frameworks, approaches to compensation and fines, etc. are significant factors that shape any economic case and need to be considered when exploring the appropriate approach for this work. A range of options should be considered, including:

- a **case study** approach. Within the last 20 years examine how key events have impacted safety, and the extent to which this can help us value safety. Case studies could include

cost-benefit analysis undertaken on 2007 financial crash, Malaysian air crash, tsunamis, 9/11, Covid-19, etc. and their impact on decision making in safety;

- **learning from individual sectors.** How do others value safety and consider costs and benefits of intervention? Examples could be drawn from health, airlines, gaming industry (particularly on the mental health and wellbeing), energy; space, retail-built environment, etc.
- a **scenario-based analysis** to understand how the outcomes of certain incidents (examples as above) would have varied under different political / economic / financial / social environments.

### A way forward – (The ‘How’)

For the recommended desk-based review, the following is a provisional timetable:

Activity	Milestone
Call opens	12 October 2020
Deadline for applications	23:59 on 20 November 2020
Interviews of tenders	Early December
Applicants receive response by	16 December 2020
Commence desk-based review	January 2021
Desk-based review completed	31 March 2021
<b>Decision:</b> To understand next steps / publish	April 2021

### Outputs

Publication-ready text for a public-facing report (that the Foundation will have designed for digital platforms and / or print).

The submitted text should include a one-page handout summary of the work; an executive summary (approx. three pages) and then the report (approx. 25 pages). Further detail can be included in appendices, for example:

- outline of methodological approach
- list of interviews conducted
- databases and other sources searched / consulted
- bibliography

Please note publication strategy and timelines will be agreed upon completion, and will be dependent on what we learn and how they could form part of a wider publication strategy.

### Budget

Up to £25,000.00 at the initial stage.

The Foundation will consider each application on its merit and look for value for money. We will fund direct costs.

For further information about the call and what we are looking for, contact [Davinder.jhamat@lrfoundation.org.uk](mailto:Davinder.jhamat@lrfoundation.org.uk), putting ‘Value of Safety call’ in the subject line.