

Corporate manslaughter companies could face record fines

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Big companies found guilty of the new offence of corporate manslaughter could face record fines running into tens of millions of pounds, warns law firm DWF.

New proposals issued by the Sentencing Advisory Panel could double the starting point for setting fines in cases involving a fatality and would lead to higher penalties than ever before.

DWF health and safety partner Steffan Groch explains: "Where organisations are found guilty of health and safety offences in relation to a death, the proposed starting point for setting fines is 2.5 per cent of turnover, which can be increased or decreased by the judge, depending on any aggravating or mitigating factors.

"In cases of corporate manslaughter, the new proposals suggest a starting point of five per cent of turnover for first-time offenders pleading not guilty. This could be raised to a maximum of ten per cent in the most serious cases.

"If these guidelines are introduced, it will mean that fines will rise significantly and, for larger companies, could well amount to tens of millions of pounds."

The Sentencing Advisory Panel recommends that fines for corporate manslaughter should be significantly higher than those for health and safety offences where a death is involved. It says that basing fines on turnover would have an 'equal economic impact on all sizes of organisation'. This would result in larger fines for big organisations, though it claims smaller ones may pay less than at present.

The panel is also suggesting that, where companies are found guilty, letters are sent to shareholders and customers and advertisements are placed in the press to embarrass the organisation concerned.

The largest fine to date is the £15 million imposed on Transco for breaches of regulations which led to the deaths of four members of the same family in a gas explosion in Scotland. The fine represented less than one per cent of annual turnover and was criticised by some commentators as being too low.

Steffan Groch adds: "The proposals indicate that we are now moving into a new environment where regulators are willing to take a much tougher approach and impose record fines. Businesses need to be aware that health and safety should now be a key issue on the corporate agenda, or they could face stiff penalties."

ENDS

Notes to editors

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