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# An efficient railway is a safe railway

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**Richard Price, Chief Executive, Office of Rail Regulation**

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## **Introduction**

I'd like to thank IOSH for inviting me to address its annual conference.

My key message for you today is quite straightforward: an efficient railway is a safe railway – and good health and safety is good for business. Equally, an unsafe railway cannot be efficient.

Efficiency and safety go hand in hand. ORR is of course the economic and safety regulator.

We are a better safety regulator because we are also the economic regulator.

Last month we published the final determination in our Periodic Review , which sets out what we expect Network Rail and the wider industry to achieve in the five years from 2014, in return for the money the company is allowed to raise from its customers and investment from Government.

We have run the review, drawing on our safety teams working with our engineers and economists to understand the pressures on the railway, and the risks to performance, delivery and efficiency.

What our safety inspectors see on the ground tells us a huge amount about the performance of the company – not just about managing safety, but about the quality of its management and delivery as a business.

The approach we took in the Periodic Review – a key part of our framework for economic regulation – is therefore rooted in an understanding of risk and management informed by the approach adopted in safety regulation. And as I'll describe, it is consequently a much better piece of economic regulation.

## **Progress so far**

Before I say more about the determination and what it means more specifically for health and safety, I'd like to acknowledge the tremendous strides that the industry has taken over the past decade.

We have come a long way since the turn of this century, when major rail accidents and multiple fatalities were all too common – and the industry's reputation was tarnished beyond measure.

Our most recent annual health and safety report, published in July, shows just how far we have come. Britain now has the safest rail network in Europe in terms of passenger fatalities – and we have had no fatal train accidents for six years.

Likewise, Network Rail is already beating its 25% risk reduction target for CP4.

We have also reduced the risks to passengers getting on and off trains at platforms by 10% – a major reduction in the biggest safety risk to rail passengers.

This is a tribute to the many dedicated people in the rail industry who have worked so hard to secure improvement – and of course to ORR's own dedicated team of inspectors.

It is a considerable achievement when you think how extensive and increasingly busy our network is.

## **The glass half full**

But there is no room for complacency – the stakes are too high and too many people are still getting hurt.

Track worker safety is a major concern for us, our Inspectors found too many shortcomings in effective planning, risk assessment and implementation of suitable safe systems of work last year.

Meanwhile poor occupational health management affects thousands of workers and is costing untold millions of pounds in inefficiencies.

Network Rail needs to get a much firmer understanding of the condition of its bridges, tunnels and embankments to make the network safer. Its maintenance and renewals work must be better planned to control risks more effectively.

The network must also become more resilient to extreme weather as the climate changes.

All of these issues have both human costs and business costs.

Ill or injured workers have a significant effect on productivity, while the costs and delays caused by an inefficiently maintained network are not just bad for performance – they're bad for safety too.

## **The final determination**

Over the next five years, we've asked Network Rail to achieve nearly 20 per cent in efficiency improvements – and we've asked it to deliver a stretching programme of work for £1.75bn less than it originally proposed in its business plan back in January.

However, ORR's commitment to health and safety excellence will remain the same.

We will encourage an excellent health and safety culture throughout the industry – and a proportionate, risk-based approach that does not put workers or members of the public in harm's way.

We'll also be focusing on the key areas of health and safety improvement identified in our annual report – and targeting our resources where they are most needed.

## **Tackling the key issues**

Our final determination seeks to tackle these challenges head-on.

It puts the money in where it is most needed.

But more than that, it focuses on smarter working and achieving good practice to drive the safety and efficiency improvements we're looking for.

For example, we added money back into Network Rail's maintenance budgets in the early years of the period to allow them more time to make sure that change, including the adoption of new technologies and working methods, is well planned and managed in a way which is safe and sustainable.

We've also allowed over £250m to improve track worker safety.

This includes protecting those working with high voltage electricity on the network, as well as developing technologies to alert workers to the presence of approaching trains.

We've also worked closely with Network Rail to reduce risks at level crossings. Their original proposals offered an 8 per cent risk improvement for a £67m investment.

Having sat down with the company and got to grips with the issues, Network Rail was able to develop a much more robust and, larger £109m ring-fenced package, which will target a 25 per cent risk reduction by the end of 2019.

As part of this programme, Network Rail will probably close more than 500 level crossings across the country and provide alternative ways for people to get over the railway line.

It's a good example of efficiency not necessarily meaning less investment. Pound for pound, it offers a much better return for the taxpayer – and greater protection for the public.

## **Maintenance and renewal**

Network Rail will spend over £17.5 billion on its maintenance and renewals programme in the five years from 2014 to 2019.

Our funding for the next five years includes more than £570m additional funding for civil assets to help address the backlog and reverse the recent trend in landslips and bridge failures.

It is about making sure that Network Rail tackles the higher risk structures, rather than just delivering on the numbers.

But we need to make sure that it keeps up with the volumes of work needed so that the network remains safe, efficient and reliable. Network Rail has significantly underspent on the resources it was allowed in the last five years, and we have seen a decline in the condition of some of its assets with consequences for the performance of the network.

For example, our quarterly Network Rail Monitor, published today, shows that delays due to poor track quality have increased by over 40 per cent compared to this time last year.

We all know about the dangers posed by broken rails, while rails buckled by heat contributed to two derailments this summer – fortunately neither of them involving serious injury or worse.

ORR will be looking much more closely at Network Rail's asset management, including asset condition and asset performance indicators which give early warning of future problems.

So, we have set the company mandatory targets for the quality of its asset management and asset information.

We will require Network Rail to better balance its reactive 'find and fix' way of working with a much more dynamic 'predict and prevent' culture.

Improvement here is the key to unlocking so many of the doors to better performance – including punctuality, cost efficiency and safety.

## **Occupational health**

Occupational health is crucial to our industry's success. It's fundamental to running an efficient and responsible business.

It may not always grab the headlines that it deserves, but let me be absolutely clear. ORR makes no distinction between occupational health and occupational safety.

Both accidents and the cumulative effects of poor working conditions can profoundly change people's lives. They have equal importance – and we expect employers to address them as such.

For an industry turning over £18bn annually and employing more than 150,000 people, the business case is pretty straightforward. .

Between April 2009 and March 2010, our research showed that at least 3.5 million working hours were lost to work-related sickness in the rail industry, while only 15 per cent of companies reported against ill-health targets.

As both the economic and health regulator, ORR needed to tackle this. And so we launched our four-year occupational health programme in April 2010.

It is encouraging to note that since then we've made some very real and badly needed progress across the industry.

For example, Network Rail now has senior leadership of its Health and Wellbeing agenda , while both Network Rail and the Association of Train Operating Companies have developed internal guidance on key health issues, from legionella to hand-arm vibration.

There are also increasing signs of collaboration between partners throughout the sector, for example between the rail companies and the Rail Safety and Standards Board.

ORR is also playing its part to encourage good practice, including running occupational health workshops, distributing a free quarterly rail industry health bulletin and publishing a range of helpful guidance on our website.

We also publish case studies from around the industry to show how companies are embracing the work-related health challenge – and reaping the benefits. Others can copy these ideas and reap the benefits too.

For example, Merseyrail's 'Get your heart on track' pilot scheme showed that the cumulative sickness absence for participating employees fell from 155 to only 35 days over 12 months, gaining the company thousands of pounds in productivity.

First Scotrail's initiative to reduce sickness absence cut its absence rate by one third, saving the company £3m over 12 months.

The figures don't lie. Fulfilling this legal and moral obligation is saving rail businesses a lot of money.

We will be looking very closely at the lessons learned from our current health programme and will be repeating our industry baseline occupational health survey before the end of 2014. All of this will roll forward into our new five-year occupational health initiative, which begins in April 2014.

Occupational health has been formally included for the first time in our periodic review, reflecting the increasing emphasis we expect the industry to place on it.

We will be expecting Network Rail to achieve at least £50m in efficiencies as a result of better occupational health management by 2018-19.

The company's six-point Health and Wellbeing Strategy will provide the focus for this improvement. We hugely welcome this, and we will be looking to see how this is rolled out in Delivery Units and at route level, and what lessons are learned from it.

But while there are green shoots, occupational health is another glass that is so far only half full.

The industry started from very a low base and there is still so much more to do.

I want to see rail businesses push themselves hard to make the change - as a business opportunity and as a commitment to its employees.

## **Enforcement**

Later today, my colleague John Gillespie will be talking to you about ORR's enforcement approach – in the light of the new Common Safety Method on Supervision.

Before I finish, there are some thoughts that I would like to share with you from my own perspective.

ORR has a responsibility to ensure the rail industry protects passengers, the public and its workers– and it is a responsibility that we take very seriously.

While we can put an economic cost on health and safety failures, we can't measure the human suffering they cause to the victims and their families.

We are out on the network every day, hands-on, kicking those metaphorical tyres – and holding all the railway companies to account.

We are always learning, always looking for improvement, always maintaining our vigilance.

Of course prevention is always better than cure – ideally we'd like to be able to measure success not by how many prosecutions we need to bring, but how few.

But let's make no mistake. When things go wrong, we will not fail in our duty to act appropriately.

Last year we brought eleven successful prosecutions for health and safety failures, resulting in over £5.5m in fines.

It's not just the financial cost, it's also the damage to reputation that we hope will provide an effective deterrent– and help to drive more effective behaviours in future.

## **Conclusion**

We have a number of challenges going into the next five-year control period – and a number of great opportunities too.

I'd like to close by saying that excellent health and safety is not primarily about throwing money at problems.

It is about having an excellent culture that embraces the agenda as part of the mainstream, not seeing it as an inconvenient add-on.

It is about developing good practice, backed by a committed leadership.

It is about recognising that better health and fewer accidents are core drivers of a successful business.

My challenge to rail sector employers is to grasp and make progress on the challenges of safety and health.

Take ownership for it and embed it at every level of your organisation.

Work closely with your staff, unions and employee representatives.

Commit yourselves to continuous improvement. In so many ways, it will pay off.

Let us as an industry ensure that good health and safety remains good for business – and that we continue our paramount duty to protect the people who use and work on our railways.

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