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Occupational Health: The Financial Case

Dr Claire Dickinson – ORR Occupational Health Programme Manager

7th November 2012

A great deal from Britain's railways: safe, reliable, efficient

<http://www.rail-reg.gov.uk/server/show/nav.2497>



Our vision is an industry that consistently achieves best practice in occupational health

Our health programme aims to

- Change how health is led and managed by organisations in the rail industry
- Improve how health is regulated by ORR

Key part of our achieving excellence agenda



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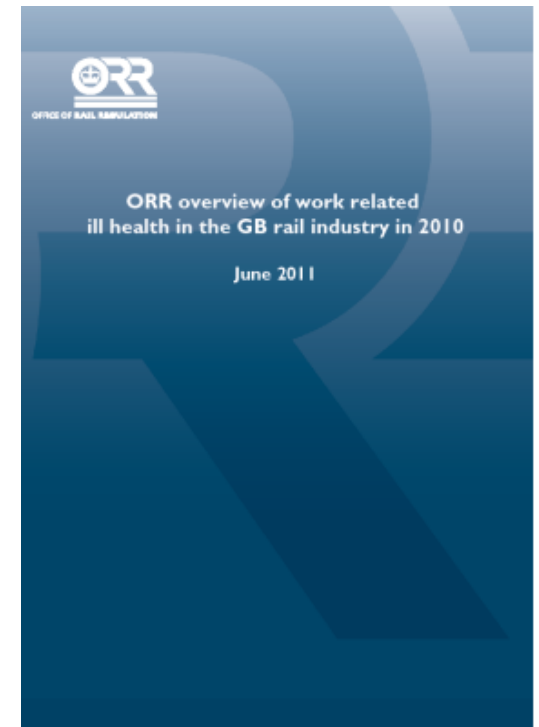
What success looks like...more proactive approach

- Health managed system
 - Health Policy and Objectives – documented processes
 - Health Risk Management – assessment, surveys, reporting
 - Health Assurance – data driven, audits, performance reviews
 - Health Promotion – health fairs, communications, training
- Leadership and public commitment to ill health reduction
- Informed on the cost of work related ill-health
- Credible, informed, engaged, active service provider – internal/external
- Meets legal compliance and striving for excellence
- Raised awareness at managerial/supervisory level and active role
- Pride and communicating to others what worked !



Baseline survey in 2010 found

- Many companies do not know how much of their sickness absence may be work related – many reported **zero** work related ill health absence
- Cost is a significant issue – 3.5 million hours lost and £2.76 million in Employers Liability Claims alone over 12 month baseline period
- Far fewer rail employers report publicly on health than on worker and passenger safety
- Encouraging signs of recognition of need to do more on all these indicators



Baseline Review : Way forward

- ▶ Key themes
 - ▶ Better and more visible LEADERSHIP
 - ▶ Improvements to HEALTH RISK MANAGEMENT, especially by managers
 - ▶ Competence in health management
 - ▶ Sharing of good practice
- ▶ Inspection work to focus on key health risks: stress, HAVs, MSDs, asbestos management, plus known areas of poor compliance (COSHH, reporting)



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Occupational Health: The Financial Case: Learning From Others

Health+People=Results

www.bitc.org.uk/healthyworkplaces

- Business leaders recognise that a healthy committed workforce is vital to business success.
- Taken a broad, holistic approach that integrates workplace health reporting into the overall strategy of the business
- Commit to reporting on workplace health by using relevant indicators: wellness, engagement, retention & turnover, brand image
- Impressive case studies & savings by indicator



Kindly sponsored by  Transport for London



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Olympic Delivery Authority



Health and Safety
Executive

Occupational health provision on the Olympic Park and athletes' village

Final report

Prepared by the **Institute for Employment Studies**
for, and jointly funded by, the Health and Safety Executive
and the Olympic Delivery Authority 2012

RR921
Research Report

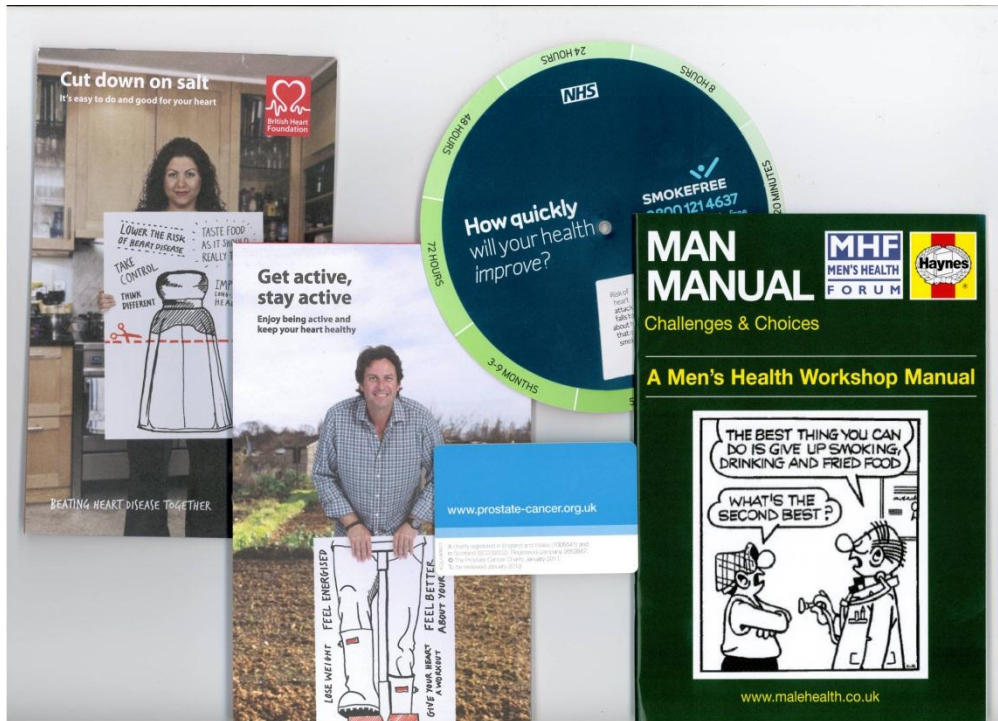


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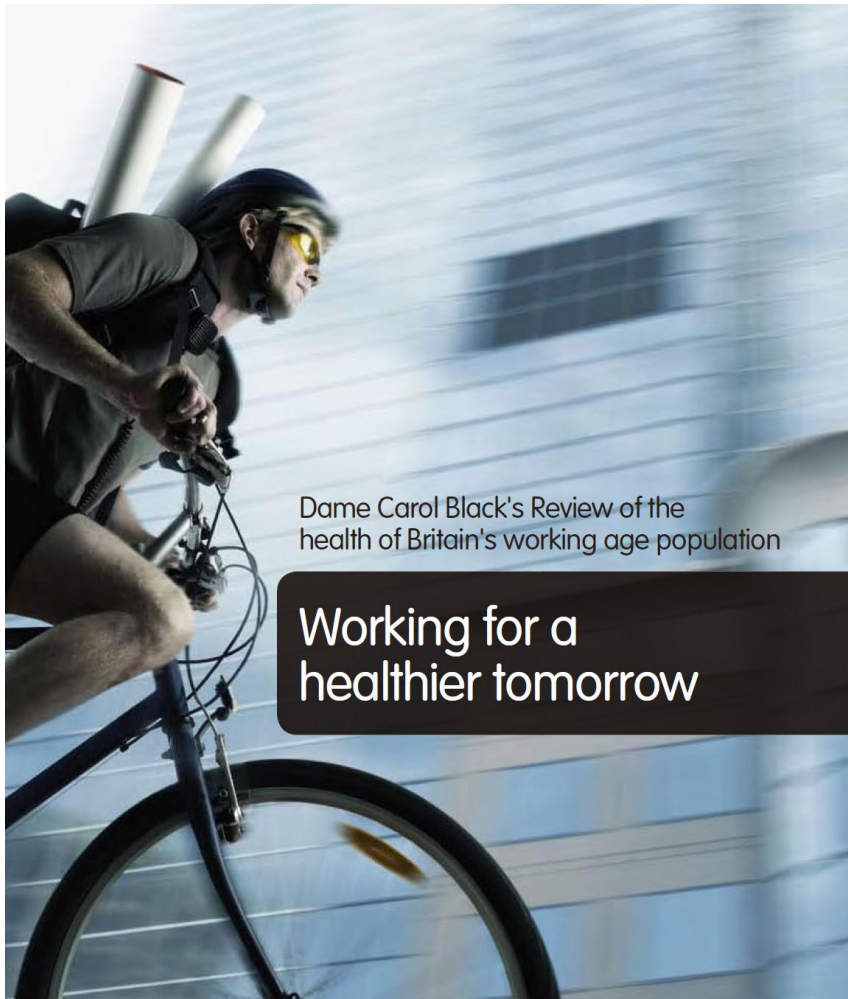
Emerging Lessons : IES study / Waterman

- Treat “health” like “safety”
- Recognition that health more costly than safety
- £1 invested by ODA, a return of £3.46 in wages and £5.96 in reduced production costs
- Health marbled into all phases and activities: Procurement, Design, Operations, risk management
- Leadership, Managing Health Risk, Engagement
- Integrated health and hygiene team
- Data driving improvements; porridge for breakfast
- Benefits of frontline briefings

Employee Engagement – Health Fairs



Dame Carol Black



Bring primary care into the workplace



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Tyne & Wear Metro: Physiotherapy Service



Tyne & Wear Metro

- Introduced a physiotherapy service into the workplace
- Reduced number of absences
- Length of absence reduced from 27 days to 22 days
- £5.40 for every £1 spend +
- Saving of **£90,020**

ISL meeting : bringing service in-house : Southern

Occupational Health at Southern

RSSB – Industry Safety Meeting
16th February 2012

Chris Burchell, Managing Director



From a £70K initial set up cost they are now seeing a 26% saving



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Further thoughts...

- Strategy for company provision of medical investigations and appropriate treatments
- OH based stress and absence management training
- Feasibility of a fitness programme to reduce the vulnerability of musculoskeletal and cardiovascular problems.
- Potential to offer services to other organisations to support fixed costs and provide even more flexibility





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Occupational Health: The Financial Case: Tools, Approaches & Cost of Ill-Health

Quarterly Industry Brief & Website

April 2012



ORR occupational health programme update for rail duty holders

Action by account holders

This quarterly brief aims to bring you up-to-date on progress with some of the work under the ORR [Occupational Health programme 2010-14](#), to help inform discussions on health at routine liaison meetings with ORR inspectors. We have identified key messages for rail duty holders and would welcome [feedback](#).

This issue focuses on:

- Health risk assessment – inspection findings from 2011-12 and priorities for this year
- New RSSB toolkit for assessing and managing musculoskeletal disorder (MSD) risk in train driving cabs
- New HSE study on costs of new work related ill health cases strengthens business case for rail employers to do more

1. Need for better understanding of health risk assessment

Our inspection work on health in 2011-12 focused on health risk assessment and control under COSHH, and also for hand arm vibration (HAV) exposure. A recurring theme has been the industry's continued reliance on use of proprietary COSHH assessment packages, in many cases resulting in inadequate control of key health risks. This has been particularly evident for assessing risks from process by-products such as dust (in rail grinding; silica in ballast handling), fume (gas cutting and welding), and biological agents (proliferation of legionella bacteria in water systems). Failure of mainline contractors to properly assess the risk from oxy-gas cutting of rail resulted in formal enforcement action against the principal and sub-contractors.

ORR is keen to encourage rail companies to move away from over-reliance on proprietary COSHH assessment packages, but rather to see them as a useful input to a wider health risk assessment process. Our experience over the past two years has shown that proprietary COSHH assessment packages, when used inappropriately and/or in isolation, can fail to deliver an adequate task specific health risk assessment – we have found many examples of single sheet assessments based on a series of pictograms, with poor understanding from the user of the need for and/or implications of exposure monitoring; the priority on technical and engineering controls over respiratory protective equipment (RPE); the requirements for maintenance of control measures; and for health surveillance. Although such systems can be a useful tool, they need to be used as a part of the COSHH assessment process, rather than being seen as delivering complete compliance with COSHH.

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For further information ring our switchboard: 0207 282 2000
Visit us online at www.rail-reg.gov.uk

The screenshot shows a Windows Internet Explorer browser window displaying the ORR website. The address bar shows the URL <http://www.rail-reg.gov.uk/ser>. The page title is "Occupational health - Moving the health agenda forward". The website header includes the ORR logo and navigation links: Home, Sitemap, FAQs, A-Z Index, Glossary, News-by-email, Vacancies, and Contact us. A search bar is present with the text "Enter search words". The main content area features a sidebar with a menu: About ORR, About the rail industry, Health & safety regulation (selected), Health & Safety Report 2011, Accident & incident investigation, Regulation and certification, Inspections & audits, Enforcement, Safety guidance & research, Key safety topics, Occupational health (selected), Railway Industry Advisory Committee, Railway Safety Regulations 1997, and Railway Safety. The main content area is titled "Occupational health - Moving the health agenda forward" and contains the following text: "ORR's vision is of a rail industry that consistently achieves best practice in occupational health. This is why we have developed an occupational health programme to improve the way in which the industry tackles health issues. In particular we want to: encourage industry leadership on health; promote awareness of health issues; and encourage a culture of excellence in the management of health." It also mentions a quarterly update and provides a link to download the "Occupational health programme 2010 to 2014" (707 Kb). The page concludes with a section titled "In this section" containing links to "Our health programme – progress in the first year", "Recent formal enforcement", and "ORR assessment of occupational health management in the rail industry in 2010".



HSE's Ready Reckoner

- Average Appraisal Costs per ill health case
- Total costs to society per case of work related ill health calculated at **£16,100** (£8100 non-financial, £8000 financial)
- Of financial:
 - **Employers element - £4000**
 - Individual element – £100
 - Government element - £4100

HSE Health and Safety Executive

Costs to Britain of workplace injuries and work-related ill health: 2009/10 update

Workplace fatalities and self reported injury and ill health

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This document is available from www.hse.gov.uk/statistics/

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Ill-health in rail : Calculations with the Ready Reckoner

- NR Corporate Responsibility Report 2010/11 reports:
 - New cases cost to employer **£11 million**
- **2786 New cases referred to BUPA**
 - 30% of referrals for musculoskeletal (33% in 2009/10)
 - MSD Employer cost **£3.3 million**
 - 22% of referrals for stress/psychological (21% in 2009/10)
 - Stress Employer cost **£2.5 million**
 - 5% of referrals for heart/circulatory (6.8% in 2009/10)
 - Heart/Circ Employer cost **£0.5 million**

Office For National Statistics : UK Absences

CBI

➤ Sickness Absence in 2011 – **1.8%** of hours lost

- Men 1.5% of hours,
- Women 2.3% of hours

➤ Total hours lost:

- MSD 35m,
- Stress/Depression+ 13.3m,
- Respiratory 5.3m,
- Diabetes 0.5m

➤ Days lost per worker **4.5 days**



➤ Working Days Lost in 2010 (%) **3.5 %**

➤ Days lost per employee **6.5 days**

4.5 – 6.5 days per employee, 3.5% days lost, 1.8% hours

Sickness Absence in Rail Sector

- ▶ NR 8.1 days/employee (8.8 days/employee in 2009/10)
 - ▶ Long term sick leave 1.41% (1.46% in 2009/10)
- ▶ TfL 9.7 days/FTE (10.1 days/FTE in 2009/10)
- ▶ Crossrail 6.8 days/FTE
- ▶ Directly Operated Railways Prior to transfer 14 days/employee
- ▶ Directly Operated Railway Post transfer 10.5 days/employee

- ▶ First Rail 3.7 % (except First Hull Trains)
- ▶ FTPE 4.48 % 6.29% Drivers, 4.25% Conductors, 3% Station





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Occupational Health: The Financial Case: Costs of Stress & Mental Health

CIPD Absence management survey 2012

Annual survey report 2012



Stress

- Stress is main cause of long term sickness absence for second year running
- 50% employers report increase in stress absence
- Workload is an increasing problem – 57% employers list in in top 3 causes of stress



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How much of a problem in the rail industry?

- No reliable industry data sets on stress
- Many rail companies do not measure work related sickness absence at all
- TUC biennial survey 2010 – stress ranked 1st in health hazards across transport sector
- RSSB 2005 research – stress ranked 2nd from key health problems in rail
- **Not measured, not costed.... not a priority?**

Extent of work related stress in rail ...some indicators?

- ▶ Network Rail published Annual Return 2012
 - ▶ Referrals to BUPA for stress – 738 with 20% (150) with work related element
- ▶ Transport for London 2011 health and safety report
 - ▶ London Underground - Absence due to mental ill health equates to 1.4 days per employee equating to 14% of all sickness absence

Costs to business – what *might* stress be costing rail companies?

- ▶ NR Annual Return 2012 figures – HSE cost model on average costs to employers of each ill health case
 - ▶ **£4000 per case x 738 referrals in 2011/12 = £2.95 million**
- ▶ TfL 2011 figures – CBI 2011 estimate for median costs of sickness absence per employee is £760
 - ▶ Total sickness absence costs £760 x 15,585 LU employees = £11.84 million
 - ▶ Mental health (14% of all absence)
 - ▶ Cost of mental health absence 14% of £11.84m = **£1.65 million**
- ▶ Most these absences will not be work related – end result for the business is the same

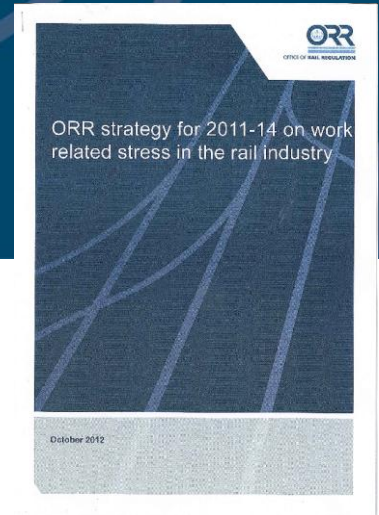
Indirect costs to business

- Reduced productivity due to '**presenteeism**' accounts **1.5 more lost time** than absenteeism (as more common among higher paid staff)
- **Employee loyalty** and goodwill
 - Lower morale and poorer engagement
 - Lower retention and problems recruitment
- **Customer/shareholder loyalty** and goodwill
- **Insurance premiums**



Stress Strategy

- National Stress Awareness Day
- Presentations with duty-holders
- Promote use of the HSE Stress Standards & Manager's Competence Tools
- Press articles
- Web-pages
- Working with Alstom, implementing the Stress Standards
- Potentially - Bridgeway Consulting piloting RM3 for Stress Management



Key points

- Broad, business integrated OH programme, consistent with range of relevant performance indicators,
- Include: leadership, health risk management & employee engagement
- Understand the costs (e.g. sickness absence, stress)
- For construction, access to health & hygiene active teams is beneficial
- To maximise returns, be intelligence led (target) and evaluate the cost of initiatives
- Significant benefits from having easy-access to a physiotherapy service and primary care in the workplace
- Provision of OH service in house improves control, quality of service and cost efficiency



Finally

- ▶ A modest investment – correctly targeted pays dividends.
- ▶ Share and learn from others, encourage efficiency gains
- ▶ Prevent ill health, particularly where potential for long term absence

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