



OFFICE OF RAIL REGULATION

# Welcome to RIAC 91

Dilip Sinha, Secretary, RIAC

16 October 2012



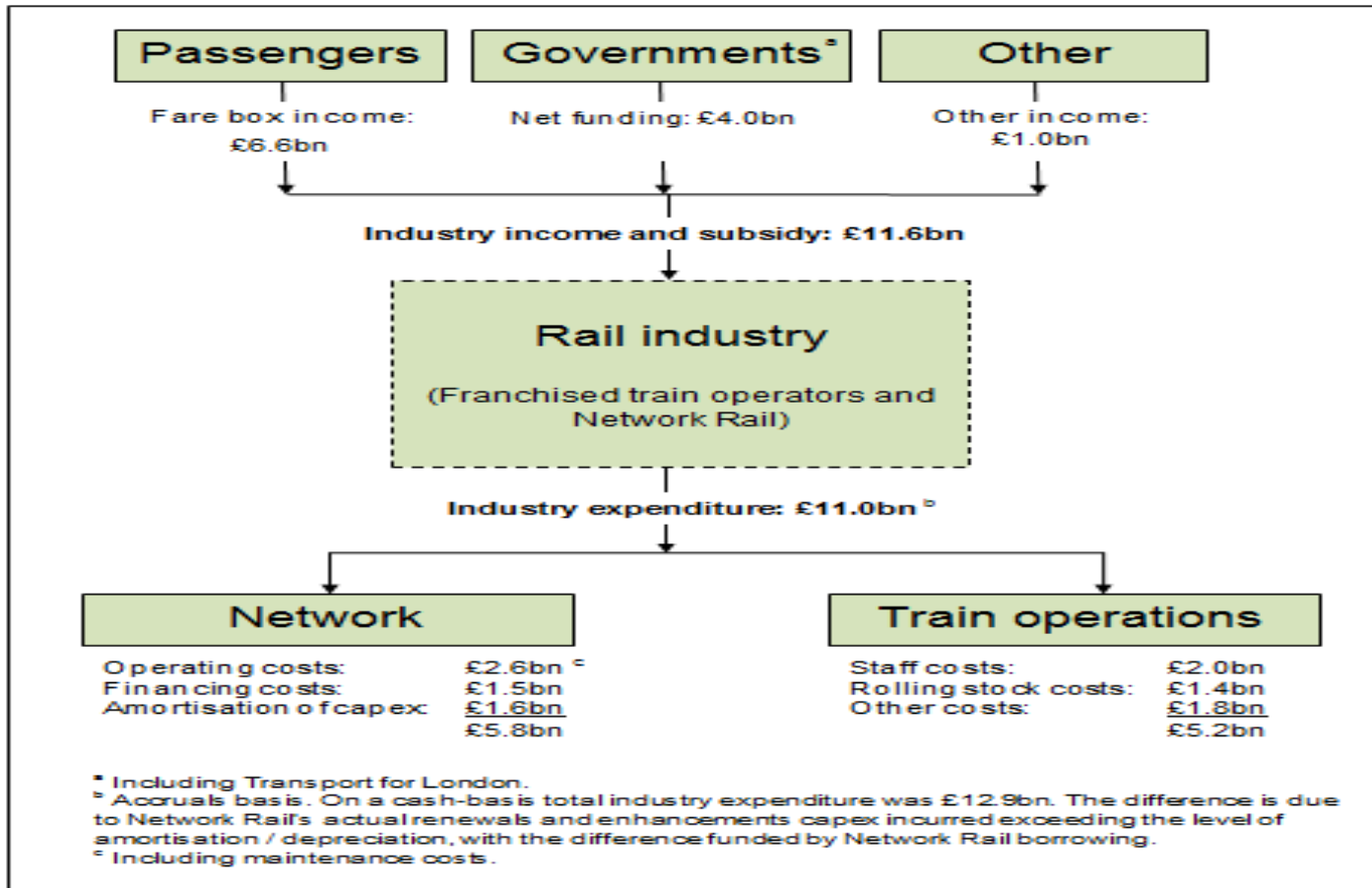
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# McNulty: 16 months on

Michael Beswick

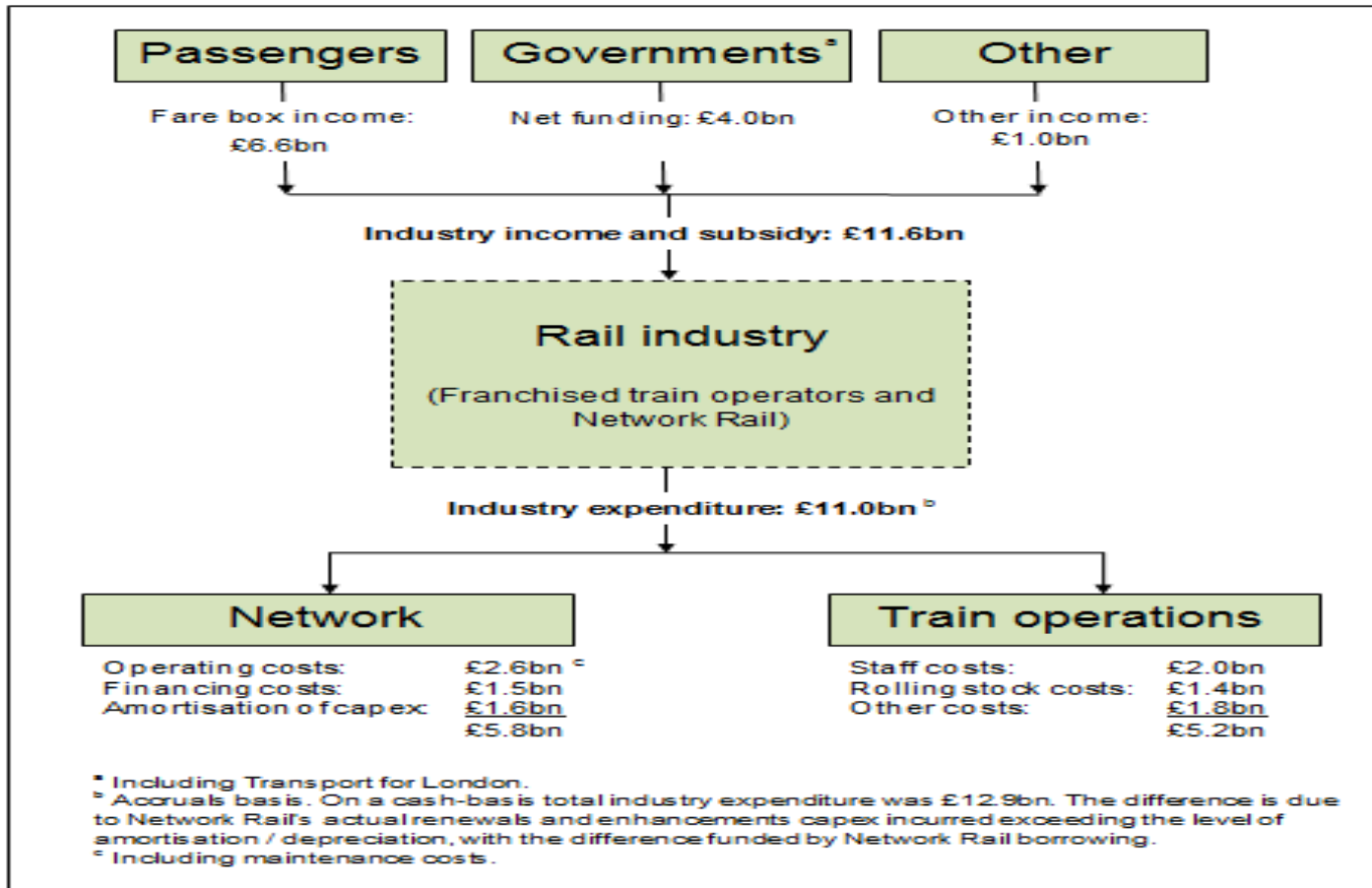
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# Rail industry income and expenditure in 2010-11



<sup>17</sup> The standard deviation across the nine operating routes is £2.90 per train kilometre travelled and coefficient of variation is 26.1%.

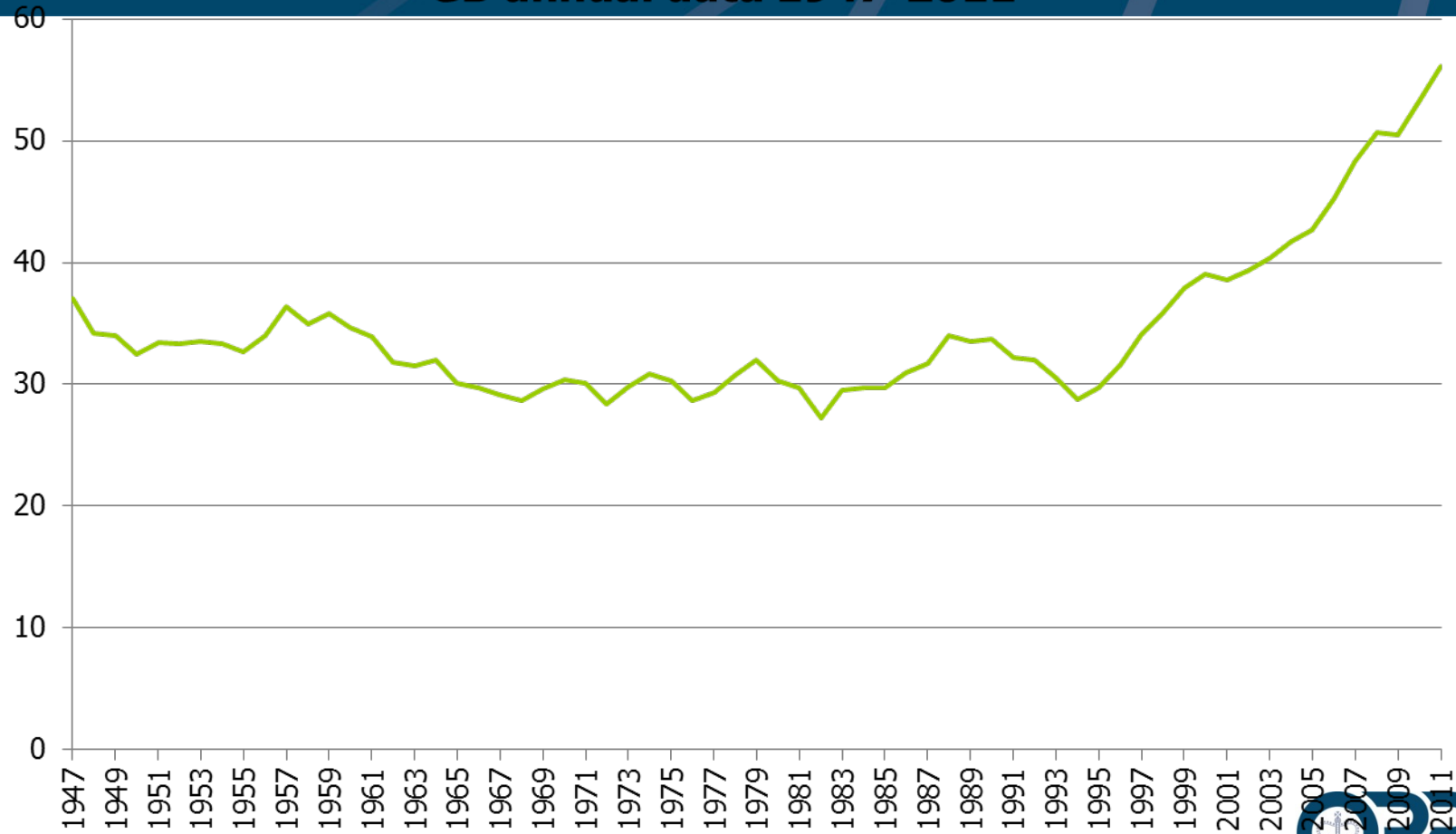
# Rail industry income and expenditure in 2010-11



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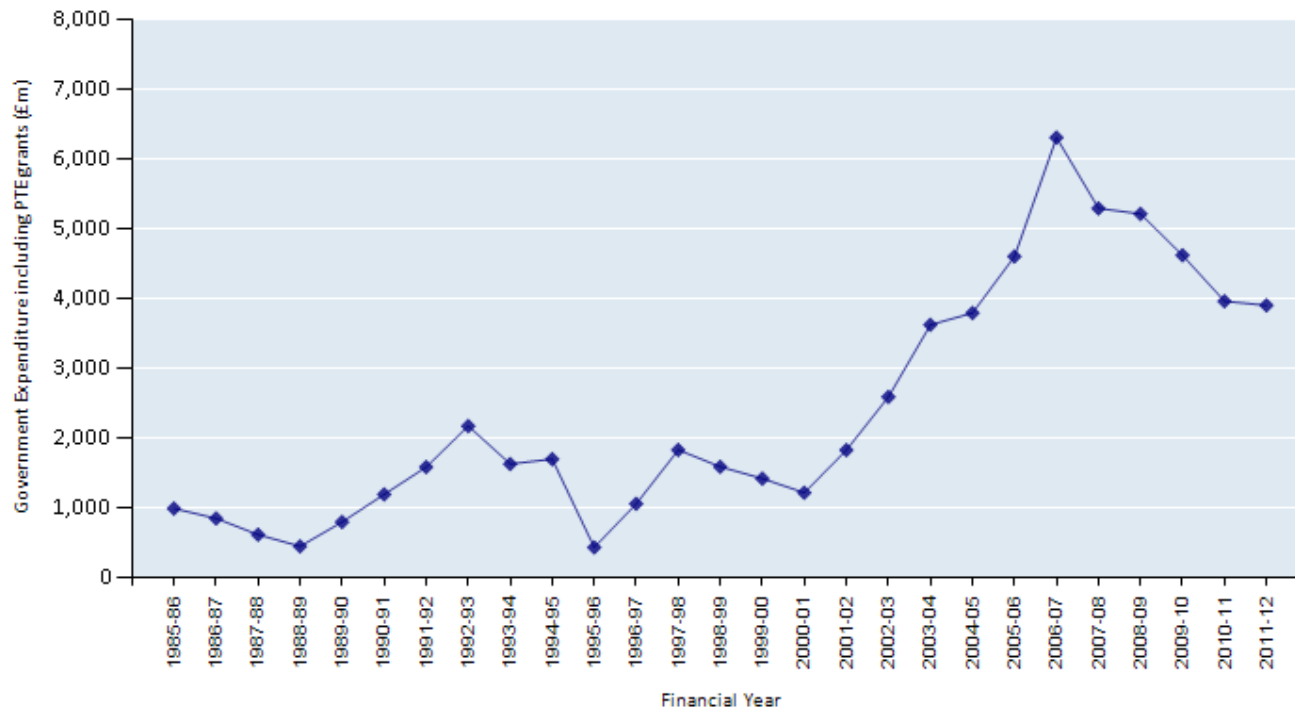
# Passenger km (billion)

GB annual data 1947-2011



# Increase in government support

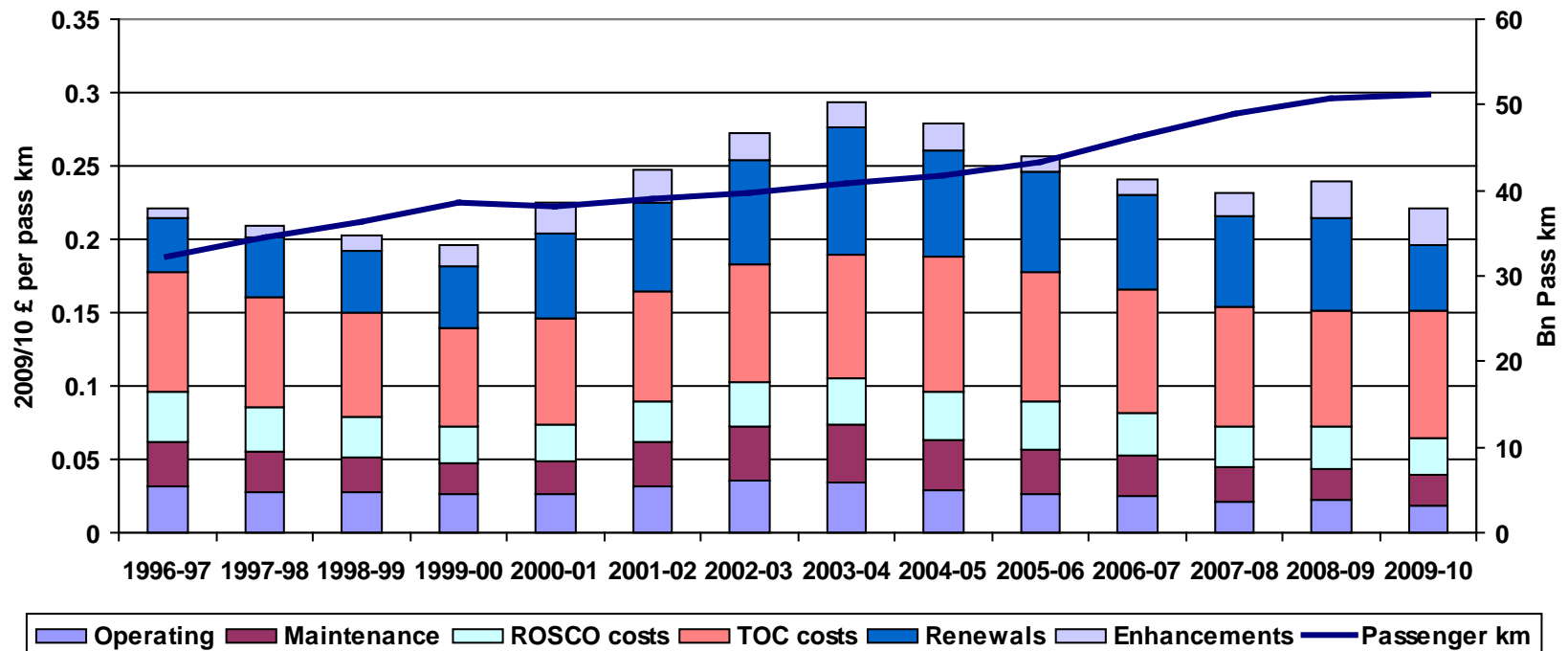
Driven by growth and cost of paying for investment



# McNulty analysis

- ▶ GB rail industry should aim to achieve a 30% reduction in costs between 2008-09 and 2018-19.
- ▶ two different approaches to calculating savings:
  - ▶ a 'top-down' (or 'should-cost') benchmarking exercise, comparing costs against other international railways; and
  - ▶ a 'bottom-up' assessment of potential cost saving that could be achieved by implementing the recommendations from each area of the RVfM Study.
- ▶ The RVfM Study's top down approach estimated that annual industry costs should be between £2.7bn and £3.8bn lower by 2018-19 (approximately 70% of which related to Network Rail costs). The bottom-up analysis suggested a slightly different range of savings of between £3.1bn and £3.8bn (approximately 80% of which related to Network Rail costs).

# Cost per passenger km





# McNulty recommendations (1)

Creating an enabling environment (to drive/facilitate key savings):

- leadership from the top;
- clearer objectives for the industry;
- devolution of decision-making;
- changes to structures and interfaces;
- more effective incentives; and
- move towards a single regulator.

## McNulty recommendations (2)

Delivering greater efficiencies in a number of areas (key saving areas):

- asset management, programme and project management and supply chain management;
- safety, standards and innovation;
- HR management;
- information systems;
- rolling stock; and
- lower-cost regional railways.

Driving implementation (a change programme management team).



# Command paper (1)

- Objectives
  - Value for the passenger – ending inflation busting fares rises; dealing with the fiscal deficit, supporting economic growth, delivering environmental goals
- McNulty 'low' efficiencies of £2.5 bn per annum by 2019 are achievable; aim is to incentivise the industry to entirely close the £3.5bn McNulty 'high' gap
- A better deal for passengers
  - Fares
  - Performance
  - Role of the regulator
- More strategic role for government
  - Industry/RDG role.
  - HLOS2/HS2
  - Localisation of decisions
  - Smarter regulation- Red tape challenge/better regulation



# Command paper (2)

- More efficient industry
  - Greater alignment– TOC incentives (PR13/ franchise reform); alliances in new franchises
  - Network Rail
    - concessions; possibly with closer integration; regulatory protections, importance of better asset management and information
    - governance: - reducing members; Public Interest Director
  - ‘Given the UK’s financial position, Government does not at this stage support an increase in open access competition’
  - Rail freight
  - ‘A common sense approach to standards’
  - Rolling stock – a market based approach with threat of government involvement or regulation
  - Supply chain
  - Working practices
  - Safety



# Command paper (3)

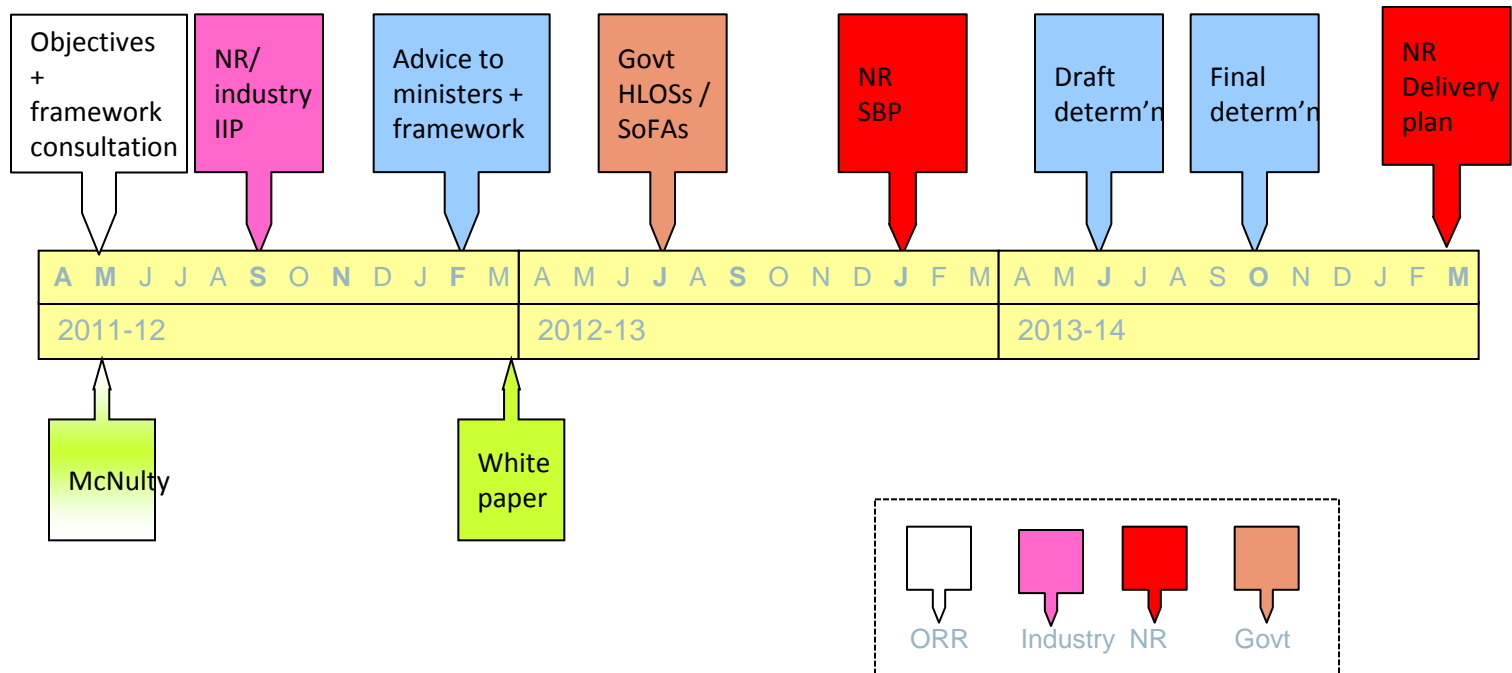
- Better information and more open approach to data
  - Transparent finances - government to publish subsidy by service group and train journey; ORR work on route costs and revenues and Network Rail/TOC efficiency;
  - Transparent performance -ORR initiatives; open data; Network Rail to publish more information and data
  - Secretary of State: 'demystifying ' the sector:
- Implementation
  - Build on what is happening already
  - PR13 for Network Rail
  - TOC savings through franchises
  - Whole industry picture – RDG
- Clear message from Secretary of State that everyone has to behave differently and proactively to drive the agenda forward
- Note wider interest in rail investment e.g. Treasury/No 10



# Making it happen

- Periodic review
- Alliances
- Transparency
- Rail Delivery Group
- Franchising/role of ORR

# Periodic review: key milestones



# Alliances

- Network Rail approach
  - ‘transactional’
  - ‘deep’ alliance in Wessex
    - Initial successes
- Implications for future franchises



# Transparency

- ▶ Transparency to users
- ▶ Transparency of industry costs and subsidy
  - ▶ ORR work on industry finances
  - ▶ cost benchmarking work
  - ▶ still a long way to go

# Rail Delivery Group

- Command paper challenge

“We want to see the industry, through the Rail Delivery Group, lead in driving up efficiency and demand for the railway. In times when public funds are constrained, there is no alternative to better costs management. If the railways are to earn their ‘licence to grow’ and serve more and more passengers better, it is for the industry to deliver more with less. .If it cannot, Government will not be able to stand back and allow the current costs to farepayers and taxpayers to go unchecked. In all likelihood, this would mean considering greater Government prescription for the rail industry, and more radical steps to ensure value for money in the train operation and rolling stock markets.”

- Network Rail, key passenger owner groups and freight operators

- Initial work on McNulty savings

- ‘formalisation’ via licence

# RDG initial priorities

- The initial priority areas are
  - Providing leadership to the industry
  - Asset, programme and supply chain management
  - Contractual and regulatory reform
  - Industry planning
  - Production of a technical strategy
  - Technology, innovation and working practices
  - Train utilisation

# Asset, programme and supply chain management

- ▶ Biggest areas were interrelated areas of asset, programme and supply chain management.
- ▶ Greater coordination of planning and aligned incentives
  - ▶ Access planning
  - ▶ Route based workbank planning
  - ▶ Network optimisation
  - ▶ Cost of contingency
  - ▶ Scope and accountability for major projects
  - ▶ Train borne monitoring equipment (now seen as integral to NR CP5 work)
- ▶ closer involvement by TOCs, FOCs and suppliers in specification, planning and delivery

# Franchising/role of ORR

- Franchising situation
- Role of ORR: command paper

‘Government believes there are clear benefits to be gained from moving towards a more unified regulatory structure for the railway.

Our immediate focus will be on bringing together those areas of rail regulation which impact most directly upon the passenger experience. That is why we are proposing to move responsibility for issues such as the monitoring of passenger complaints handling processes to the ORR and exploring the potential to give the ORR a role in relation to train operator performance. These reforms would ensure that passengers could look to a single organisation with a clear responsibility for protecting their direct interests. Over time our ambition is to progressively move the ORR to the heart of whole industry efficiency and performance, taking Government out of day-to-day industry business.





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# Managing work related stress in the rail industry

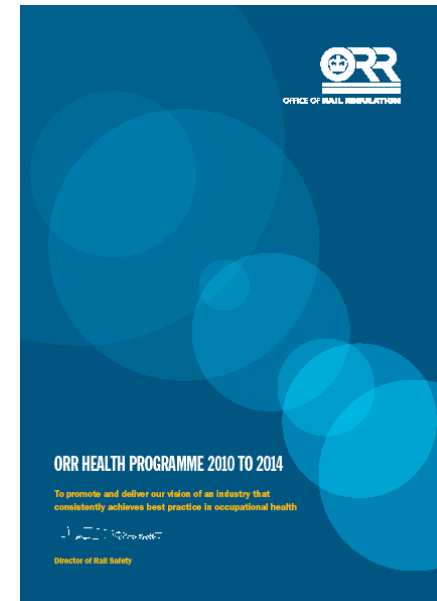
Sharon Mawhood

RIAC meeting 16 October 2012

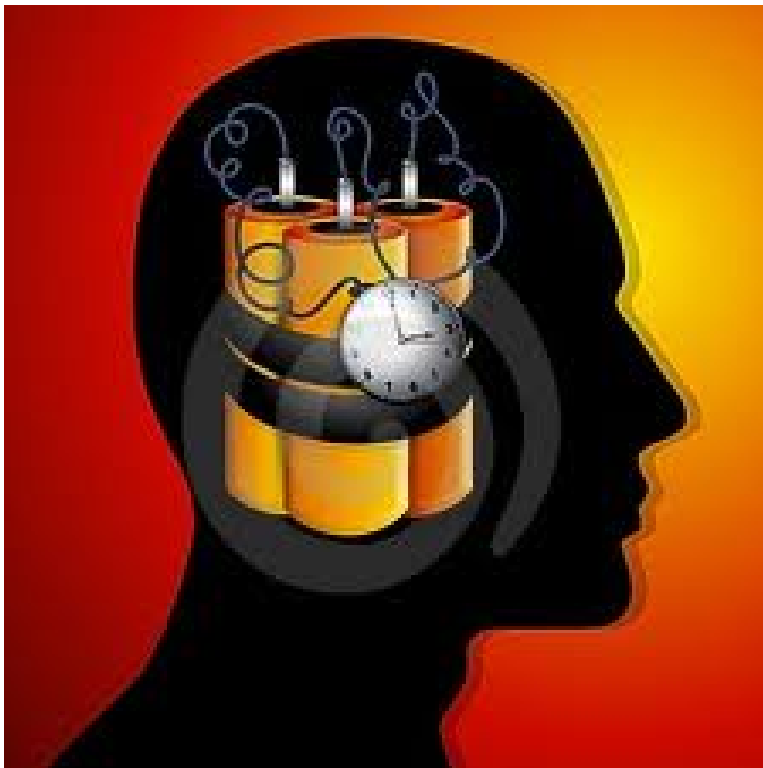
# Aim to cover

## Work related stress in the rail industry....

- What's the size of the problem?
- Reasons to act
- Where is the rail industry now?
- Where do we want it to be?
- What is ORR doing to get it there?



# Where's the problem.....ticking time bomb?



Professor Cary Cooper  
'A perfect storm is raging....with fewer people doing more work, working longer hours, feeling less secure and being more micromanaged'  
(SHP October 2012)



# How much of a problem is it?

- HSE self reported illness data 2010/11
- Work-related stress, depression or anxiety accounted for an estimated **10.8 million lost working days**
- Stress accounts for **over a third** of all diagnosed cases of work-related ill-health
- On average, affected workers took **27 days off work**

# CIPD Absence management survey 2012

Annual survey report 2012



- 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 1<sup>st</sup> 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
  - ▶ Absence due to mental ill health equates to 1.4 days per employee across TfL

# 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**
- ▶ Most of 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**



# Reasons to act... personal harm to individuals

- Stress has proven links with
  - **mental ill health** (e.g. anxiety, depression)
  - **physical illness** (e.g. back pain, cardiovascular disease, gastrointestinal disorders)
  - **harmful behaviours** (e.g. drugs, alcohol and diet)
- Common traits for depression –
  - **diligence, conscientious, perfectionist, high expectations**
  - **your most valuable staff/colleagues?**

## Reasons to act.... legal duties

- Duties under health and safety law to assess and reduce risk of work related stress, so far as reasonably practicable
- Employment tribunal for breach of contract – constructive dismissal
- Employers' duties under Equality Act 2010
- Negligence claims for stress - some evidence that Courts' position is evolving (lowering of the hurdles to claims?)
- Dickins v O2 Plc 2008
  - **Counselling alone unlikely to meet duty of care – managerial intervention**



# Where is the rail industry now – ORR view?

- ▶ **Rail employers generally good at**
  - ▶ **Secondary interventions – building ability to deal with stress by resilience training, employee assistance, lifestyle promotion**
  - ▶ **Tertiary interventions – post incident trauma support, counselling and support services**
- ▶ **Rail employers not as good at primary intervention - prevention**
  - ▶ CIPD 2012 Absence Management survey – 60% use stress risk assessment/stress audit with 30% using HSE Management Standards approach



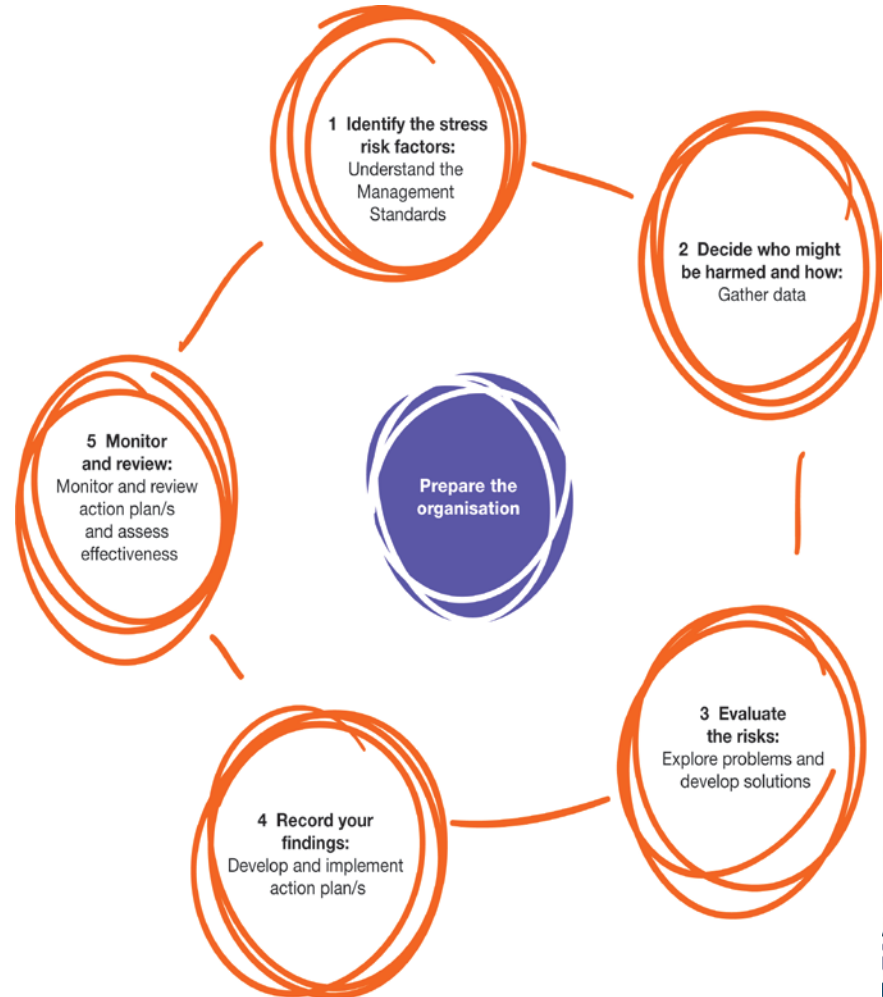
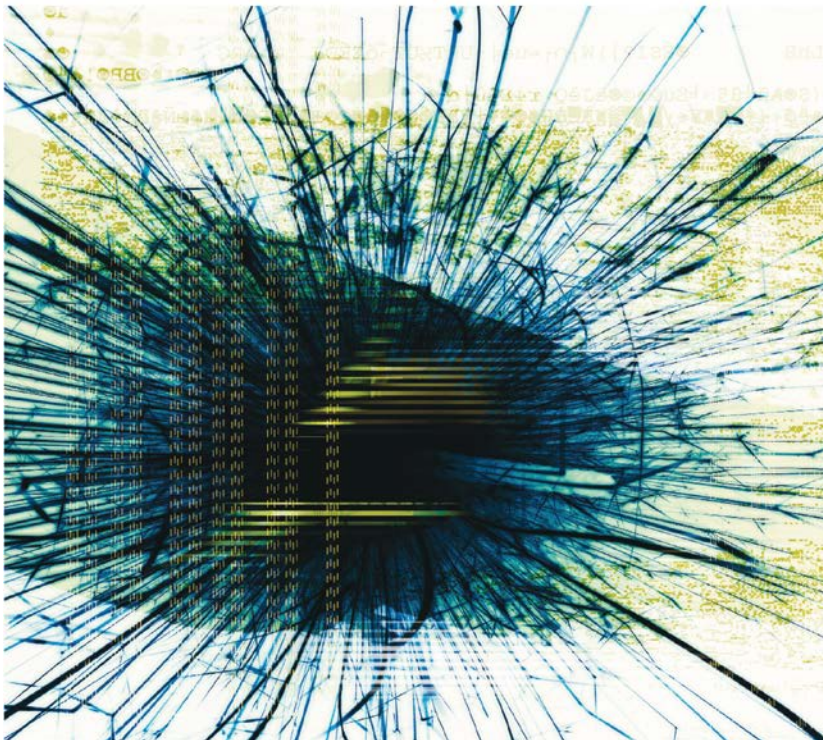
# What does good practice look like?



Health and Safety  
Executive

## Managing the causes of work-related stress

A step-by-step approach using the Management Standards



# What is ORR doing to drive this change?

- Focus our efforts on shift in approach towards preventive, collective stress management
- Incentivise the industry - emphasise the business and efficiency benefits, share good practice, and encourage participation
- Leadership - support willing volunteers in taking forward this approach – buddies outside rail and case studies



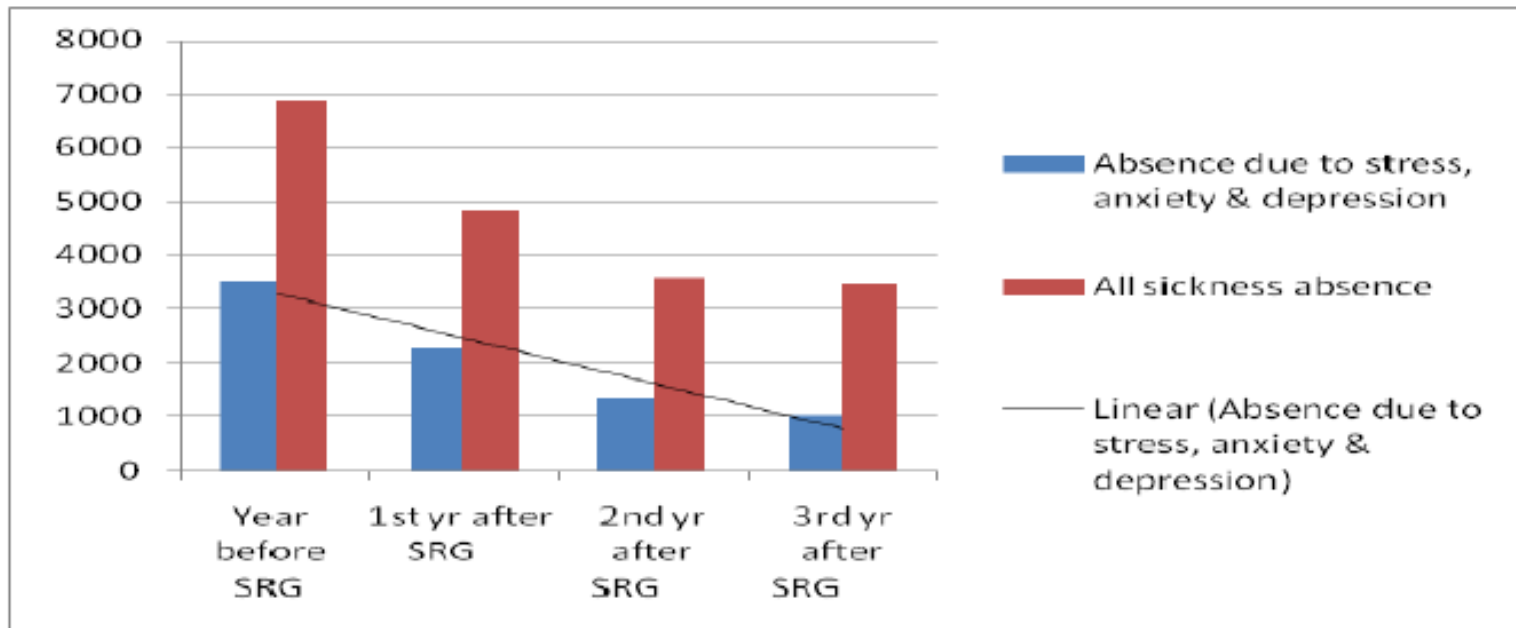
# How are we doing this...raising awareness

- ORR stress strategy 2011-14 on ORR web site
- ORR stress web pages – new guidance for managers, employees, and HR on managing work related stress and sources of help
- Quarterly updates for industry on ORR's Health Programme – stress featured in three editions
- Press articles
- Industry events
- Work with companies to share good practice across the industry – case studies on ORR website



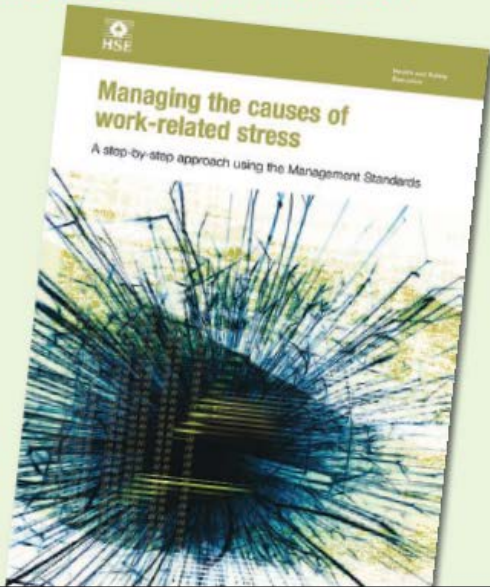
# TfL case study – reductions in absence following introduction stress reduction groups

**Reduction in lost time from 3000 days to 1000 resulted in savings of £400,000**



# A BETTER APPROACH TO STRESS MANAGEMENT

Office of Rail Regulation's deputy chief inspector for railway operations, Caroline Wake, looks at dealing with stress in the rail industry



## ORR occupational health programme update

July 2012

ORR strategy for 2011-14 on work related stress in the rail industry

### Introduction

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:

- Developing front line manager competence on occupational health - new ORR good practice guidance
- Recent changes to the law on management of asbestos, and ORR inspection
- Sharing good practice in occupational health management – more case studies show the business benefits of a proactive approach

#### 1. ORR guidance on developing rail manager competence on occupational health

One of the aims of ORR's [Health Programme 2010-14](#) is to encourage excellence in health risk management by helping the industry to improve its managers' competence on health. Many rail managers and supervisors are on the front line in identifying and managing risk to workers' health, and they need the right level of skills and knowledge to do this. As well as helping to comply with health and safety law, ensuring that front line managers have the right occupational health training can deliver real business benefits by increasing productivity, reducing sickness absence and costly insurance claims, and can help rail companies to get the most from specialist occupational health services.

[New ORR guidance](#) seeks to help the rail industry to bridge the gaps in rail manager competence on occupational health by providing clear practical advice on what good practice looks like and how to achieve it. We provide good practice guidance on what rail managers need to know on occupational health, and advice on how to achieve this. We suggest a number of free training resources for smaller rail companies, as well as training support for larger rail businesses. As part of this work we have looked to source a syllabus for occupational health training for rail managers.

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For further information ring our switchboard: 0207 282 2000  
Visit us online at [www.rail-reg.gov.uk](http://www.rail-reg.gov.uk)

# How are we doing this...direct engagement

- ▶ Presentations to key industry groups and duty holders – stressing the moral, legal and business case to manage work related stress
- ▶ Engagement with trade unions at national and local level
- ▶ Working with willing volunteers to adopt preventive approach to stress management – beacons for rest industry
  - ▶ Alstom UK group, with HSE support
  - ▶ Bridgeway Consulting
- ▶ Building stress management into RM3, for use by ORR and/or self assessment by duty holders



# Is anything changing?

- Emerging evidence of real progress in occupational health management
- Wider recognition of business benefits and willingness to learn from others
- More company action plans and strategic thinking on health, including stress prevention
- Leadership - RSSB projects to deliver better intelligence, and share good practice.
- Still some way to go to achieve real cultural shift on managing stress





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Thank you  
Any questions?

# *AOCL+B*

*Kevin Robertshaw  
Director Route Asset Management, East Midlands*

# *Introduction*

# *LC Risk Reduction*

- Top priority for NR – we are working hard to reduce risk in many ways, including:
  - LC Closures: diversion and bridge replacement
  - Introduction of LC Managers in the routes
  - Locating trains in long signal sections
  - Rationalising signage
  - Local Initiatives
  - AOCL+B

**AOCL+B**

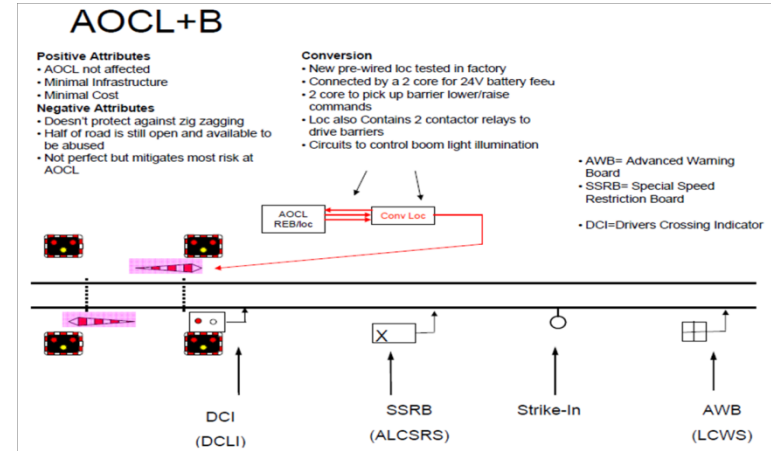
# What & Why

- It is entirely focused on ‘road v rail’ risk mitigation. There is no ambition to change level crossing speed, removed Stott applied TSR, or correct/fix anything else.
- This is the third attempt at producing a quick and easy to roll out solution to a significant perceived risk.
- In order to provide visual and operational consistency in a rapid roll-out the ideal solution ‘looks’ like other LC types.
- A multitude of historic studies, not least the recent RAIB Class Investigation into AOCL, have identified that when normalised by number of installations AOCL carry a disproportionate level of risk.



# What are we doing?

- The previous attempts were:
  - Conversion of existing infrastructure to ABCL – this failed due to circuit complexity and general asset condition of apparatus housings.
  - Use of ‘stubby barriers’ and new barrier machines (American S60) – this failed due to circuit complexity and differences in safety integrity of design
- This time round we have started from first principles – what to we NEED to do – and developed a solution to do that, and nothing else.
- We are simply adding barriers to the existing installation and configuring them to work in the same way that the road user would expect from experience of other half-barrier level crossings.



# Summary of Concept

- An AOCL with half barriers added to give clarity to road users
- Intention to avoid road vehicle trying to beat train and encourage compliance with lights – the addition of barriers creates consistency with other LC types
- Will not address intentional weaving around the barriers but will mitigate as much as possible
- Has used innovative thinking with minimal interface to AOCL circuits and will require consistent delivery mechanism
- Delivery by the routes is a key aim for the project – the change is owned by the route team
- AOCL+B will ‘mimic’ ABCL with minimal difference to the road used and train driver.



# Where are we?

- Development trial and roll out approved and funded.
- Development trial and roll out authorised as ROGS Category 1.
- Roll out will be via template design and works testing (A210 of SWTH) and use the last Annual Maintenance Test (plus close out of identified issues) to accept the existing LC as it is.
- No road widening – Where possible 3m clear exit will be achieved by setting back of the barrier pedestal or it will be accepted that 3m is not achievable.
- Engineering principles are agreed and documented in module X13 of Signalling Design Handbook.
- Typical circuits for the interface location case are approved by the National Level Crossing Circuits Group and were used for Ardrossan Harbour (commissioned 29<sup>th</sup> April 2012).
- Wraysholme will prove 2-line railway functionality and partially prove the roll out process (to be commissioned 18<sup>th</sup> November 2012).
- First roll out site (single line railway) under construction at Corpach.

# *AOCL+B Design*

# AOCL+B

## Positive Attributes

- AOCL not affected
- Minimal Infrastructure
- Minimal Cost

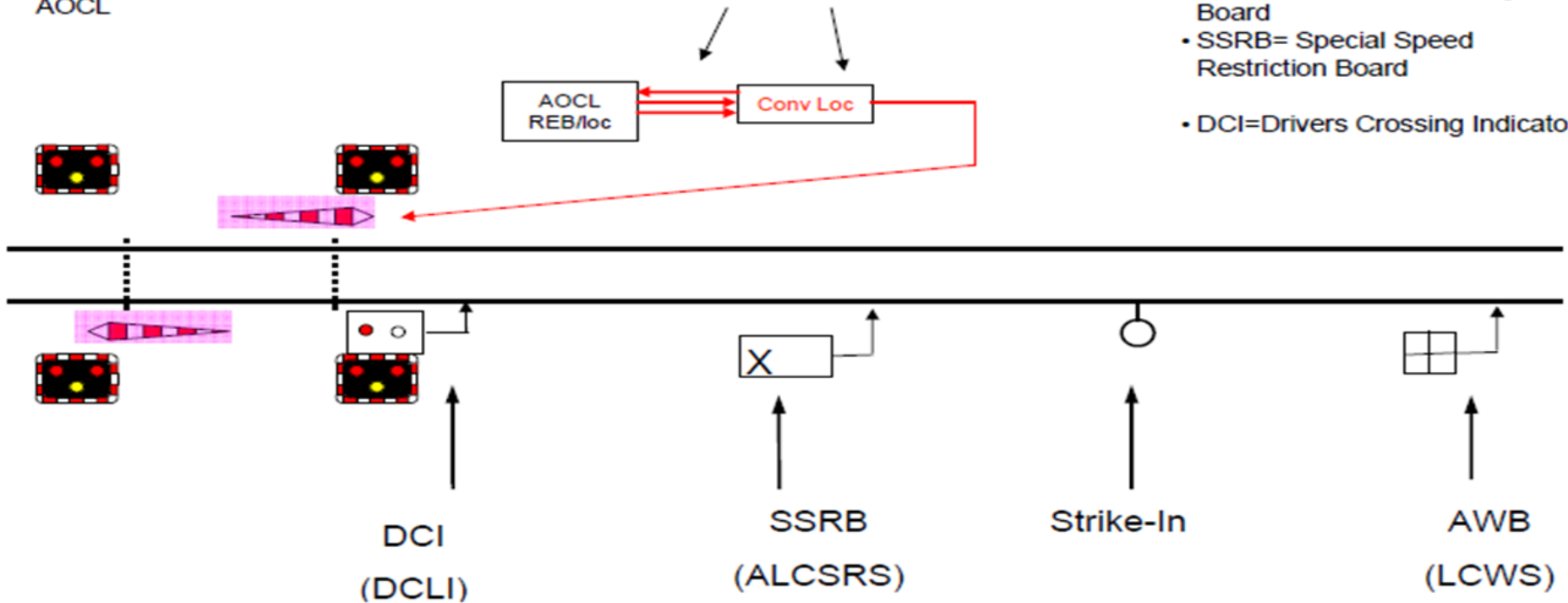
## Negative Attributes

- Doesn't protect against zig zagging
- Half of road is still open and available to be abused
- Not perfect but mitigates most risk at AOCL

## Conversion

- New pre-wired loc tested in factory
- Connected by a 2 core for 24V battery feed
- 2 core to pick up barrier lower/raise commands
- Loc also Contains 2 contactor relays to drive barriers
- Circuits to control boom light illumination

- AWB= Advanced Warning Board
- SSRB= Special Speed Restriction Board
- DCI=Drivers Crossing Indicator



# Design – AOCL+B v ABCL

- There are some minor operational differences between AOCL+B and ABCL; the key differences are:
  - The barriers raise as the train strikes out at the same time as the red road lights extinguish.
  - If either barrier (or both) remain down after the passage of a train with no road traffic lights signals showing. *The boom lights will remain lit and due to the barriers not cycling correctly no further trains will receive a Drivers White Light until technicians have attended site.*
  - The barriers could lower with no road lights illuminated due to failure of the interface contact in the RER relay. *This failure mode has very low-likelihood, as high resistance contacts normally fail to ‘make’ rather than ‘break’ in circuit, which would result in the failure mode immediately above.*
  - The barrier boom will fall between the RTL and the STOP line.

*What does it look like?*

# Ardrossan Harbour – The Original



# Pre-works



# Post Works





# *The key to AOCL+B Success*

# *Our Project Priorities*

- Engage with stakeholders early and involve them in our development - ensure a clear understanding of what we are doing and why we are doing it is in place.
- Identify risk and apply appropriate mitigation – this is not a LC renewal project.
- Work with the best knowledge and guidance we have to determine what is appropriate –not blindly follow what has been done before.
- Challenge conventional thinking – focus on risk reduction and not a perfect renewal.
- No scope creep – if it is necessary to facilitate the addition of barriers we will add elements on a site by site basis, but this is not an opportunity to upgrade the full LC to current standards.
- **It is still and AOCL – we have just added barriers.**

*Your turn...*

**Questions?**



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# Consultation on the Railways and Other Guided Transport Systems (Miscellaneous Amendments) Regulations

Stefano Valentino

16 October 2012

# What's covered

- ORR's consultation on changes to:
  - Railways and Other Guided Transport Systems (Safety) Regulations 2006 ("ROGS")
  - Health and Safety (Enforcing Authority for Railways and Other Guided Transport Systems (Safety) Regulations 2006 ("EARR")
  - Train Driving Licences and Certificates Regulations 2010 ("TDLCR")
- (Briefly) HSE's consultation on changes to:
  - Reporting of Injuries, Diseases and Dangerous Occurrences ("RIDDOR")
  - Health and Safety at Work etc. Act 1974 ("HASWA")

# Overview of ORR's proposals

## Entities in charge of maintenance (“ECMs”)

### ➤ Amend ROGS to

- give effect to the ECM Regulation (EU/445/2011); and
- require ECMs for freight wagons to obtain an ECM certificate from a certification body.

### ➤ Amend EARR to

- give ORR inspectors jurisdiction to enter, and have enforcement powers in certain premises that are currently excluded from their remit; and

# Overview of ORR's proposals

## Definition of “mainline railway”

- Amend the definition “mainline railway” in ROGS to ensure that the operators of metros, heritage and light rail systems are excluded from the mainline requirements
- Amend the TDLCR to
  - Reflect the changes made to the definition of “mainline railway” in ROGS

# Overview of ORR's proposals

## Other changes in ROGS

- Remove from ROGS the requirement for
  - mainline duty holders to carry out safety verification
  - non-mainline duty holders to send annual safety reports to ORR
- make the 28-day 'affected parties' consultation period run concurrently with ORR's four-month processing time
- Clarify that controllers of 'safety-critical work' must have **suitable and sufficient** monitoring arrangements in place.



# Consultations by Health and Safety Executive

## RIDDOR

- Changes to RIDDOR to remove reporting of injuries relating to:
  - suicides on the railways
  - major non-fatal injuries to members of the public
  - occupational diseases
  - dangerous occurrences
  - the self-employed
  - overhead power cables; and
  - the transport of dangerous goods

# Consultations by Health and Safety Executive

## The self-employed

- Exempt from the HASWA those self-employed whose work activities pose no potential risk of harm to others
- “Prescribed sectors” (high-incident, high-hazard) such as agriculture, construction, quarries, nuclear and offshore are out of scope of the exemptions
- Railways have not been included in the list of “prescribed sectors”

# Consultation end dates

- ▶ **ROGS (EARR and TDLCR) amendments**

- ▶ 23 October 2012

- ▶ **RIDDOR changes**

- ▶ 28 October 2012 (Respond to HSE)

- ▶ **Self-employed exemptions**

- ▶ 28 October 2012 (Respond to HSE)