

Carillion Health and Safety Performance Report 2002

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Effective health and safety policies set a clear direction for the organisation to follow. They contribute to all aspects of business performance as part of a demonstrable commitment to continuous improvement. Responsibilities to people and the environment are met in ways, which fulfil both the spirit and letter of the law.

We believe it is important that Stakeholders' expectations in the activity are satisfied. There are cost-effective approaches to preserving and developing physical and human resources, which reduce financial losses and liabilities.

Carillion's health and safety policy sets the scene from top management and states a clear recognition of issues and priorities for the organisation so that people at all levels get a clear impression of our board's commitment and what the board expects of them. It is the foundation in the process of building a positive safety culture within an organisation;

- identifies the individual, at board level, who is charged with corporate responsibility for safety
- clearly states that safety is a corporate objective of equal status to all other corporate objectives

- clearly indicates that the corporate approach to safety is deliberately and systematically directed towards prevention
- identifies below board level, the responsibilities and accountability of those functions within the promotion of safety
- indicates the primary communication links and authorities among members of staff
- indicates the roles, responsibilities and authorities of specialist functions in safety and reporting lines and communication links with other management functions
- provides the framework that will ensure that the necessary resources of both time and money are available for the promotion of safety
- describes how standards for safety will be established, how prevention strategies will be chosen and the procedures and criteria that will be used to monitor compliance with standards
- provides the framework and resource provision that will involve the workforce and their representatives in the promotion of safety
- provides the framework for the provision of training in safety and related matters applicable throughout the whole range of employees, both management and workforce
- provides measures of performance.
- provides the mechanism for regular review, not only of the safety performance and that of the individual provisions stated above, but also the written policy itself

The process of increasing transparency and accountability for UK Boards now extends beyond financial risks to encompass all strategic risks.

The 1999 “Guidance for Contractors on the Combined Code” (Turnbull Report) suggests that organisations should adopt a risk based approach to establishing systems of internal control.

We have set a target in Carillion to steadily increase in involvement in specialist investment funds which cater for the needs of investors with particular social and ethical objectives. Carillion is listed in the FTSE4 Good UK index.

A fundamental challenge on Health and Safety was launched in June 2000 when HSC/DETR challenged British Industry to meet or beat a series of challenging targets set out in “Revitalising Health and Safety at Work”. The Chief Executives of Britain’s top 350 companies were challenged by Michael Meacher, Minister of State, DETR and Bill Callaghan, Chairman of HSC to include how they are setting about the challenges and reporting their progress in the public domain via Annual Reports.

We met with Bill Callaghan and Timothy Walker, Chief Executive of HSE, and committed to publish our progress. We recognise that Health and Safety is a strategic issue and performance must be measured and reported as with all other business issues.

Chief Executive's Review

John McDonough

In Health and Safety, we continue to be amongst the leading performers within the industry sectors in which we work.

Carillion are striving to improve its own performance and the performance of everyone we can influence by working with other companies and stakeholders. Improving our Health and Safety performance is one of our key strategic objectives.

Responsibility for Health and Safety rests at main board level and is managed via the plc Safety Committee. Carillion operate an Integrated Management System based on a Total Quality Management concept which ensures that Health and Safety is seen as an integral part of all our operations. In 2002, Carillion embarked upon a number of behavioural safety initiatives to complement our procedures and to seek to ensure that everyone engages fully in Health and Safety matters.

The Board has identified, evaluated and is managing significant risks in relation to health and safety. Controls provide a level of assurance that the risks identified are adequately managed to achieve business objectives and minimise losses or breaches of statutory requirements. Health and safety standards and performance expectations are constantly changing and the Board reviews how best to ensure that on-going processes for risk-focused health and safety management are integrated within the overall internal control framework.

Health and safety matters are reported at every meeting of the Board and at monthly performance review meetings where Business Group Management report to the Board. The reporting and review processes provide assurance to the Board as to the adequacy and effectiveness of internal controls. This process is facilitated by the Company's Health and Safety Committee, which is chaired by the Executive Director

responsible for Health and Safety. The Managing Directors and key senior managers of the Group's businesses attend this committee, where policy, initiatives and performance are reviewed.

Strategy

Our strategy is based on looking at continual improvement by:

- Analysis of accidents in the industry sectors in which we operate in order to determine root causes and to put in place measures to prevent repeats.
- Understanding legislation and legislation changes plus recognising the need to keep abreast of technology to understand how the definition of “Reasonably Practicable” may be interpreted.
- Targeting key areas where step changes can be made. We consider these to be:
 - (i) Creating a culture of commitment to Health and Safety through the company, commencing with top level Director engagement.
 - (ii) Raising the profile of managing Health via awareness campaigns and policies backed by practical advice and procedure.
 - (iii) Engaging designers of projects, systems and products to eliminate or to mitigate hazards at source.
 - (iv) Engaging upon behavioural studies to enable us to better understand how to engage everyone in thinking Health and Safety in every aspect of their work.
 - (v) Engaging the supply chain to match our health and safety expectations.

(i) Commitment

Carillion believe that commitment must be demonstrated from the very top level. Health and Safety is an early Agenda item in Board meetings, Business Group Performance Reviews, pre-tender meetings and at meetings on our project activities throughout its duration.

All Businesses carry out structured Director Safety Tours and all Directors receive Health and Safety Training.

The plc Safety Committee, on which all the MDs sit, meets bi-monthly to set plc policy and implement initiatives and procedures.

(ii) Health

Carillion realise the importance of managing the Health of all at risk on our projects and have developed training aids and procedures targeted at raising awareness and giving advice to managers, supervisors, operatives and those in the supply chain. Specific procedures include manual handling, hand-arm vibration and dermatitis.

In addition, the plc Safety Committee has made a commitment to health screen direct operative employees over a rolling programme. Health screening is already in place in Rail and in Highways Maintenance.

(iii) Design

The Group have a “Safety By Design” campaign aimed at engaging Designers including specifiers and sub-contractors in considering ways of eliminating or of mitigating hazards at source.

Carillion Building have developed procedures and trained over 300 staff who interface with the design process whilst our Capital Projects have produced

guidance on good practice. TPS, our in house design consultancy, have held a number of workshops for their designers and have developed improved Risk Assessment procedures. All these initiatives are being pulled together to mobilise the strengths within the whole group.

Crown House Engineering are leaders in pre-fabricating Mechanical & Electrical Engineering work and have an excellent record of Health and Safety when benchmarked against its competitors.

(iv) Behavioural Initiatives

Our Health and Safety performance will improve by steps. The first is provision of suitable equipment. The second is developing procedures and training. The third step is getting everyone to recognise that Health and Safety must be considered at every stage of their involvement and that it is not acceptable to take short-cuts or changes which could compromise Health and Safety.

The Group have engaged a behavioural consultancy who have carried out extensive profiling of Highways Operatives to obtain work crews with a balance of personalities which should ensure that a cautious view is taken. In Carillion Building, trials have been carried out to identify “hot spots” which may trigger adverse behaviour. Rail have used actors to act scenarios and involve the audience to raise awareness.

Initiatives are now being operated in all Businesses.

(v) Supply Chain

A large proportion of our work is carried out via the supply chain, using sub-contractors and suppliers. During 2002, considerable effort was put into rationalising the companies with whom we work so as to have a smaller number of companies with whom we can partner. The first gateway to being considered for our approved lists is proving competence in Health and Safety.

The supply chain has been broken into categories (eg. structural steel suppliers) and a category manager nominated for each of these categories. Each category manager has been allocated access to a Safety Adviser with appropriate skills to help them assess and to manage the Health and Safety aspects of their work.

Sub-contractors produce Risk Assessments and Method Statements with Carillion. All in the supply chain are inducted and a programme of tool box talks appropriate to their tasks is agreed and is delivered.

Reporting

Carillion is aware of the challenges set out in the June 2000 HSC/DETR “Revitalising Health and Safety” document and fully support the objectives.

The Group has been setting targets for a number of years and has reported Health and Safety matters in the public domain.

Carillion recognise the power of working with other organisations and have actively participated in projects of Egan Report, M4I, Construction Confederation and others.

In particular, Carillion is a member of the Major Contractors Group (MCG), an organisation representing 21 of UK’s largest construction contractors. The MCG have produced a Health and Safety charter which targets:

- Improvement in accident statistics
- A fully qualified workforce
- Improved induction procedures
- Improved consultation with all of workforce
- Best practice workshops

Health and Safety Awards

RoSPA Awards

- Crown House Engineering, President's Award for 2nd year
- Gold Awards - Carillion Rail
Carillion Building – N/W & Scotland
Carillion Building – Midlands and N/E
Carillion Building Special Projects
- Silver Award - Carillion Building London and South

British Safety Council

Sword of Honour at NAP project at Cheltenham (See Appendix ?)

HSE's Working Well Together Campaign

Building London, highly commended

Construction News, Quality in Construction Awards

Finalist in Safety Management category (last 3 years performance) where Carillion were highly commended.

Accident Record

During the course of 2002, the population at risk on our worldwide activities rose from 29,000 in January to 38,000 in December. The overall number of RIDDOR accidents rose from 2001's 310 no. to 408 no. Due to the significant increase in population, the accident frequency rate did not reflect the same degree of increase and rose to 0.45 from the 0.41 figure in 2001.

However, in 2001, we only reported on Rail in the last two months after Carillion acquired all of Carillion Rail. Rail is, by nature of its work, a hazardous industry with a relatively high Accident Frequency Rate. If we strip the Rail figures from our overall figures, the rest of the Group achieved an AFR of 0.42.

Rail, with an AFR in 2002 of 0.62 performed well in its industry and achieved a 12% improvement over 2001.

Thus, the true picture on AFRs is a Group which has stabilised in its mature businesses and with a recent Rail acquisition which has a good performance in its sector and is improving.

It is possibly encouraging that the number of major accidents reduced from 81 in 2001 to 70 in 2002 such that the percentage of majors accidents to all RIDDOR accident fell from 27% in 2001 to 17% in 2002 indicating a possible reduction in severity.

There were three tragic fatalities:

- A Highways worker stepped out of the wrong side of his vehicle into live traffic in January 2002.
- A machine operator, building a road tunnel in the Alps, was killed when shotcrete fell onto his machine in August 2002.

- A machine operator was killed when his machine toppled over and crushed him when building a road in Oman in November.

All of these accidents have been thoroughly investigated and, where necessary, procedures reviewed.

Prosecutions

Carillion companies were prosecuted four times for breaches of H&S legislation in 2002.

A case in Scotland where TPS, our design consultancy, was prosecuted for an alleged breach of Construction Design Management Regs. We are contesting this case and were found not guilty in February 2003.

- M6 Toll, the case against all 4 CAMBBA partners was heard at Tamworth Magistrates Court on 28th March. All 4 parties entered a guilty plea to a breach of Electricity Regs., following a strike on an 11kv overhead cable. Each company was fined £4,000 plus costs. No one was hurt.
- The prosecution of Highways relating to an accident at Southend Local Authority where a worker suffered a badly crushed foot when a traffic island slipped from a sling was heard at Southend Magistrates Court on 14th October. Carillion Highway Maintenance pleaded guilty and were fined £10,000 plus £850 costs.
- GTRM pleaded guilty and were fined £17,500 plus costs in Harrow Crown Court over a Wembley incident. The Judge's comments were encouraging in the circumstances.

- GTRM pleaded guilty and were fined £45,000 plus costs in Southwark Crown Court over Broadgate. GTRM are disappointed over the level of fine and some of the Judge's comments.

Training

Health and Safety Training is delivered through Learning Works, through Rail learning centres, competency training (eg. Personal Trackside Safety) and tool box talks.

The cost of external trainers in Learning Works in 2002 was in excess of £250,000 excluding administration costs and the most significant cost, that of attendees. Internal trainers delivered significant amounts of training. As an example, the Safety by Design courses in Building reached over 300 people.

To ensure that the investment delivers value and that there is competent advice available to the trainers and administrators, a fully qualified Safety Adviser has been transferred to Learning Works with support. His role is to work with the businesses to develop Health and Safety training courses, source and assess external trainers and to facilitate the delivery of the courses.

Injury Claims

In 2002, there were 258 Employers Liability claims notified. This is a 91% increase in raw number terms and reflects in part the increased population and in part the increasingly litigation culture within UK.

Significant causes were:

Trips/Falls	53 incidents
Lifting/Handling	38 incidents
Struck by plant/machinery	30 incidents
Struck by falling objects	12 incidents
Loading/unloading	11 incidents

These accidents have been analysed for root causes and procedures reviewed where necessary training has been updated and new videos produced on trips and falls and on hand protection, the greatest cause of non-riddor accidents.

Also in 2002, we received 136 Public Liability claims, a reduction from the 151 claims in 2001.

On road traffic accidents there were 755 vehicle collisions and 25 people injured.

Injuries in recent years have been:

1999	-	55
2000	-	47
2001	-	25
2002	-	25

Thus, whilst our population increased, there has not been an increase in injuries vindicating our Roadsafe Policy and driver training.

To help management gain information and to give us data not currently available to us, Carillion business units and Integrated Management System Shared Service are developing an electronic system in conjunction with Markfield, our in-house insurance broker.

Early trials proved to be unworkable and the original project was discontinued. The replacement system is currently under trial. It is anticipated that it will enable us to produce more meaningful reports and to track information which we cannot currently do such as lost time due to accidents.

2002 in Summary

2002 had a number of high spots and low spots.

Low spots included three fatalities worldwide and the failure to make the hoped improvements in accident frequency rates across the Group. The four prosecutions are also disappointing.

High spots include the ongoing wish of the Company to be a first class performer in the Health and Safety field and to show the commitment and resources to let this happen. Our behavioural safety campaign is exciting new work and successful new campaigns have been launched, including hand protection.

The challenge for 2003 will be to translate the initiatives investment and ideas into a consistently excellent performance so as to see fatalities eliminated and accidents significantly reduced.

Appendix I

Carillion Plc Health and Safety Policy

Carillion plc
**Occupational Health
and Safety Policy**



- It is the policy of Carillion plc to demonstrate an ongoing and determined commitment to the improvement of Health and Safety standards throughout the organisation.
- The Carillion Group will carry out its activities in a way which provides healthy and safe working conditions for those involved in and affected by its activities by Integrating Health and Safety into all its activities.
- Health and Safety is on every Agenda of Carillion plc board meetings, is regularly reviewed by the Carillion plc Safety Committee and constantly highlighted by all levels of Management.
- Each Business Group within the Carillion Group will have in place management systems to ensure compliance with all relevant health and safety legislation and achieve continual improvement in health and safety standards by constant review and sharing Good Practice Initiatives.
- Whilst primary responsibility for health and safety rests at Board level, every employee has health and safety responsibilities and is required to comply with Carillion Group policies. Appropriate information, training and supervision will be provided to ensure that all employees are competent to carry out their duties and responsibilities and are committed to implementing this policy.

The Board of Carillion will:

- Encourage the exchange of industry best practice on health and safety
- Ensure that health and safety features prominently in Carillion messages
- Ensure all levels of management undertake health and safety tours
- Ensure Health and Safety issues are identified and managed
- Encourage attendance at health and safety presentations
- Encourage everyone to question anything which appears unsafe – Don't Walk By
- Ensure safety training and competence is mandatory for employees, sub-contractors and suppliers
- Ensure that a system is in place for any employee to raise health and safety concerns about any aspect of Carillion's business
- Ensure that all employees and suppliers are aware of this policy
- Communicate key health and safety messages to employees and suppliers
- Ensure we will only work with Joint Venture Partners who can and do seek to meet our standards
- Develop and implement policies which recognise the importance of Good Health
- Commit adequate resources to implement this policy.

A handwritten signature in black ink, appearing to read 'J. McDonough'.

John McDonough - Chief Executive

Appendix II

Sword of Honour at NAP project at Cheltenham

NAP - The Sword of Honour

NAP won the British Council Sword of Honour in 2002. The affixed article was prepared by the site and published in Safety Management, March 2003.

You may be interested in the content to see ideas you can use - wherever you are in our business.

Construction Article (taken from Safety Management - March 2003)

Carillion - Building Magazine's UK Major Contractor of the Year 2002 - is one of the UK's leading construction to service companies, with more than 14,000 employees and an annual turnover in excess of £2 billion.

One of the largest projects on the company's books is the Government Communications Headquarters (GCHQ) in Cheltenham. The circular building, nicknamed the doughnut, is the largest single building ever procured through the government's Private Finance Initiative.

From digging out 400,000 tonnes of earth, swallowing up 250,000 tonnes of concrete and 5500 miles of telecommunication cable, to using enough glass to glaze over ten per cent of the houses in Cheltenham, this futuristic building will provide a million square feet of office space. Construction began in March 2000 and the project is due to be completed later this year.

Carillion is the principal contractor responsible for the design and construction of the building. However, nearly 150 separate contracting companies, employing more than 11,000 people, have worked on the project since it began.

On a construction project such as this, each day is different, and as the project progresses, contractors and their staff come and go, as do the safety risks.

Chris James, Technical Services Manager, and Peter Mulderigg, Project Safety Manager, try to ensure that, despite this, the commitment to health and safety is consistently high.

To help achieve this, all workers receive a site induction at the safety resource centre before they begin to work on the project. Carillion has produced a site safety guide to accompany the induction. This covers everything from site rules and the code of conduct to the correct use of personal protective equipment and working with harmful substances.

After completing the induction, each worker is issued with an identification card. This is needed to enter or exit the site through the security turnstiles.

Co-operation and commitment

Competence, communication, co-operation and commitment are Carillion's safety values, and, as Mulderigg says, 'everything we do is based on this'. Through co-operation between Carillion and the contractors the safety team has been formed. This

consists of five safety professionals who work together for the benefit of everyone on site. Communication is achieved through the comprehensive meeting structure of quarterly director meetings, weekly supervisor meetings and daily contractor meetings.

A daily safety review meeting marks the close of play at 5pm. Carillion's site supervisors attend this meeting to discuss all the safety issues raised that day and any injury actions are noted. There are also daily safety inspections and feedback from these is given at the meeting.

In addition to the safety professionals, Carillion has a strong team of safety representatives who meet fortnightly. As part of the safety induction, people are introduced to their safety representatives and encouraged to inform them about any safety issues. To encourage the safety representatives to develop safety initiatives, Carillion allocated them £10,000 in funding.

Incentives and rewards

In addition, Carillion has spent in the region of £20,000 on incentives and rewards for good health and safety performance among site workers, awarding one hundred £5 canteen vouchers a month; up to ten £50 vouchers for the site shop, which sells equipment and tools; and three £100 cash awards. The winners of the cash award are also entered into a prize draw to win one of two new cars.

Although extensive resources have been invested into health and safety for the project, Carillion was still unhappy with the number of accidents on site so behavioural safety experts were brought in. The winners of the cash award are also entered into a prize draw to win one of two new cars.

Although extensive resources have been invested into health and safety for the project, Carillion was still unhappy with the number of accidents on site so behavioural safety experts were brought in. The behavioural safety programme targeted 300 site workers, around a quarter of the workforce. They were given briefings and asked to identify their hotspots - areas of work or site activities that they felt presented a health and safety risk. They went away committed to addressing these.

Meeting structure

The feedback from this programme also identified that Carillion needed to improve its systems of communication. A lot of meetings were taking place but the issues raised weren't being disseminated to the whole workforce. This led to a review of the meeting structure as well as the installation of a digital display board at the site entrance, which provides an efficient way to communicate safety information to everyone.

All these initiatives stem from Carillion's 'Don't Walk By' campaign. This aims to improve the on-site safety culture by encouraging workers to pay personal attention to safety issues and have the courage to stop someone if they witness them acting unsafely.

Directors from all of the contractor firms working on-site meet to discuss health and safety issues every quarter, and one of the initiatives that developed as a result of these meetings was the safety performance table.

Specific concerns

Contractors are awarded 100 points when they begin to work on site, and points are deducted for misdemeanours. If they drop below 90 points they enter the amber zone, and if they drop below 80 points they enter the red zone. If a contractor enters the amber zone, its director will receive a visit or phone call from Carillion's Project Director addressing the specific concerns. One contractor has already been asked to leave the project because they came too close to the red zone and failed to address the areas of concern that had been raised.

In November 2002, Carillion received a British Safety Council Sword of Honour following a Five Star Health and Safety Management System Audit conducted at the GCHQ site. The team were delighted: 'We went for the Sword because it's the ultimate', concludes Mulderigg, 'if there was something better than the sword we'd go for it. We've got so much energy and enthusiasm for health and safety. We want to be top of the league and this is proof that we are.'