

PROFILING THE RISK – DETERMINING WHAT IS REALLY IMPORTANT AND WHAT IS NOT IN PROJECT MANAGEMENT AND CONSULTING

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It is a privilege to have been invited to deliver this Annual Safety Lecture this afternoon and I would like to thank Capita Symonds for their invitation to be here. Three years ago, Stephen Williams, then head of HSE's Construction Division delivered this lecture and spoke about the need for industry to play its part in communicating the importance of health and safety and also about the need for the industry itself to demonstrate leadership.

These messages are still fundamental to continuing to drive health and safety performance improvement in Construction and the built environment. But I have chosen a slightly different theme for today. I want to talk about the need for us all to profile the risks to determine what is important. We have to decide what we can do to have the most impact, who is best placed to do what and I want to place all of that in the context of where we find ourselves today – in 2010.

First, some good news. Over the last decade, the UK Construction industry has undergone something of a cultural transformation. Fatal injury rates have been more than halved and major injury rates have improved by more than one third. I have had the pleasure of visiting some of the best examples of good practice in construction up and down the country in the last year or so not least the Olympic Park here in London and Media City in Salford. What is particularly striking about these examples of good practice is not just the safety performance which is achieved, but the way in which it has been achieved. Health and safety is part of the culture and it is led from the top. Workforce involvement and engagement at every level is clearly visible. Innovative practices are being implemented which reduce the inherent levels of risk. Motivation, commitment, collaboration in the supply chain; productivity is high and goes hand-in-hand with good health and safety practice – it's a win-win, not a trade off.

But this particular success story does of course have a major sting in the tail. We now know what levels of performance can be achieved and what huge benefits can accrue when the culture change happens. So this makes the 41 deaths and more than 3,000 major injuries which occurred in the construction industry last year all the more tragic because we know that they need not have happened. The old 'assumptions' that construction was a hazardous industry and that little could be done to change the culture were completely wrong. Attitudes and performance can be changed but we have yet to achieve that across the whole of the industry.

Strong evidence is beginning to emerge of a two-tier industry developing in construction. There is a direct correlation between the high accident incidence rates on smaller sites and in particular on refurbishment work. It would be easy to rationalise this problem away by saying that smaller sites and refurbishment work are 'different'. In some senses of course this is true. But in the current climate of flexible working, sub-contracting and sub-sub contracting this argument is increasingly difficult to maintain. Those who are today engaged in small scale non-commercial refurbishment projects may very soon find themselves working on large scale green field projects and vice-versa.

Here are just a few reasons why these types of mobility are not just possible but probable:

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In the last 2-3 years construction has been hit by the worst recession in over 50 years – the industry now employs 375,000 fewer people than in 2008. As we emerge from recession, private sector investment in construction is going to create huge demand for skills.

We need look no further than the huge infrastructure investment required in the energy economy for evidence of this. Investment in the grid itself as well as massive investment in renewable energy technologies and nuclear – all of this will involve construction activity on a major scale.

At the same time, the huge squeeze on expenditure will have an opposite effect on major construction projects in the public sector in building new schools, hospitals and public amenities.

We have no way of knowing how these events will coincide but my point is that these forces will create movement of labour across the full spectrum of the sector as we enter economic upturn and growth.

But if the difference in performance between large scale projects and domestic refurbishment is telling, the correlation between inexperience in a job and risk of injury is even more compelling.

Just as we have moved on from the generic mindset that ‘construction is a dangerous industry’, we must stop ourselves from falling into the trap of believing that ‘refurbishment and small scale construction are different’. Or that there is anything inevitable about new and inexperienced workers being more ‘prone’ to injury.

What the evidence of the past tells us is that despite making significant progress; particularly on major high profile construction projects, refurbishment and the influx/flow of inexperienced recruits throughout the sector are two priority areas which we must now focus our attention on in construction to reach the next level of performance improvement and culture change. Furthermore, the performance improvement which has been achieved over the last decade clearly demonstrates not only what is possible but the very clear business benefits of doing it.

If any of you have visited the Olympic Park; indeed, some of you may be lucky enough to work there. You will know that ‘legacy’ plays a huge part in the whole ethos of the site – the legacy of the post industrial wastelands of east London transformed, the legacy of sustainability and, totally integrated within that, the notion that any such legacy simply cannot and must not be tarnished by the knowledge that the construction of 2012 site killed somebody.

I know I can’t be the only person who believes that this particular legacy principle has to hold true for *any* and every construction project. No building project of any size or type should ever have to be a memorial to those who built it. But if we are going to achieve that we must all believe it’s possible and play our respective parts in making it happen. This is not going to be fully achieved through regulation and a compliance driven approach but through leadership, engagement, competence bringing influence to bear up and down the supply chain and by everyone playing their respective roles.

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One particular area where the London 2012 construction project is clearly demonstrating this is in the way it has chosen to manage occupational health on site.

Frequently overshadowed in the pursuit of safety, occupational health can all too easily be neglected. This is in spite of the considerable real toll it can have on workers – especially in the construction sector. In fact, figures show that on average four times as many working days are lost to ill health than injury a year in construction. Incidence rates reveal that the construction industry has heightened rates for illnesses such as mesothelioma, lung cancer, dermatitis, vibration white finger and upper limb disorders. Asbestos is a particular concern, with around 1,000 people who worked in the building trades dying each year from mesothelioma, lung cancer or asbestosis.

Moreover, a recent report from a project set up to estimate the current burden of occupational cancer in Great Britain estimates that construction accounts for more than 50 per cent of the total of more than 8,000 new occupational cancer registrations each year.

There is no doubt that this is a very challenging area to address, complicated further by the knowledge that often the causes of ill health aren't always the direct result of work activities. So it's encouraging that the London 2012 project has chosen to take a proactive, integrated and inclusive approach to the provision of occupational health at the site. By operating strategically, they are involving everybody – designers, project managers, contractors, sub-contractors and individual workers – bringing them together to look at every element of the process with the purpose of designing each stage so that it is inherently safe and that exposure to health risks are minimalised.

This brings me nicely on to the subject of HSE's strategy for Health and Safety in Great Britain in the 21st Century. Our new-ish strategy was launched in June 2009 after extensive consultation with more than 800 stakeholders. We will very soon be publishing a progress report on the first year of the strategy's implementation but I can tell you that the progress made on a wide variety of fronts has been considerable.

Nowhere is this better illustrated than in the level of engagement and buy-in we have seen from others than HSE who are key to the health and safety system: trades unions, business leaders, organisations in the private and public sector and from the many and various communities of practice in the field of health and safety. The level of support expressed has been remarkable with more than 2,000 organisations formally signing up to the 'Pledge' on HSE's website – and the number continues to grow.

But my real reason for mentioning the strategy here today is to draw your attention to some of the important principles within it which are highly relevant to the theme of this lecture.

We all have important roles to play in improving the health and safety system and it's important that we all carry out our respective roles and do what we're best at.

Let's start with HSE. HSE leads the health and safety system as a whole through a variety of activities including: inspection, investigation, enforcement and provision of advice and guidance.

PROFILING THE RISK – DETERMINING WHAT IS REALLY IMPORTANT AND WHAT IS NOT IN PROJECT MANAGEMENT AND CONSULTING

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It is clear that in the months ahead, HSE's resources and activities will be squeezed significantly as part of the Government's spending review. We are not a special case and must seek out efficiency gains wherever possible. But beyond that we will also have to take some decisions about which areas we focus on; indeed, what our priorities are – as resources become tighter.

Given that construction, in spite of the significant improvement in performance, continues to have one of the highest major injury rates I can assure you that that the sector will remain one of our priorities. But we will be looking to focus more and more on those areas where we can have the greatest impact. From what I've already said that means focussing attention on refurbishment and the competence of inexperienced and vulnerable workers as they enter or move through the sector.

I am very much aware of the debate around the issue of inspection 'holidays' for those who demonstrate good performance. HSE's view is that any such formal agreement/arrangement would be undesirable but, given that we are very clear about our intention to focus our resources on the basis of risk profiling it follows that it will be the poor performers who attract most of our attention rather than the good performers. But this risk based approach has to be based on real performance not statements of good intentions.

Major projects like the London 2012 site and Heathrow Terminal 5 has enabled us to develop a different and more proactive approach to such projects. This has seen us engaging early with the client, their designers and the principal contractor ensuring that they set high standards of health, safety and welfare upon which we can then target our interventions at the high-risk activities. This approach requires less regulatory intervention as the project proceeds – provided of course that the performance in health and safety terms meets expectations.

The need for strong leadership is a key feature of the strategy and its importance already recognised with the construction industry. It was leadership from the industry that brought about the culture change which has been achieved over the last decade. That commitment to leadership now needs to focus on the challenges which are still out there.

I've mentioned some of those already but here are a few more to consider.

Never allow yourselves to fall into the trap of thinking you've cracked it. Health and safety culture requires constant attention and nothing ever moves into the box marked 'done and dusted'. There is plenty of evidence of what happens when complacency is allowed to creep into leaders' thinking. In the major hazards industry, some tragic disasters of more than two or three decades ago jolted people into paying serious attention to process safety risks. But over time those stark lessons faded from leaders' memories and complacency started to creep in: process safety started to be regarded as 'fixed'. But we know that it wasn't. And while the focus moved onto other things the necessary attention required to maintain process safety was no longer there. And so regrettably, Buncefield, Texas City and several other major incidents around the world – on and offshore happened. You may think your industry may not have the same potential for low frequency but high impact catastrophic events – but that might be a dangerous assumption in itself.

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Health and safety in construction starts very much earlier than when the first earthmoving takes place. It starts at the conceptual or design phase.

Whether one is designing a chemical plant, a public amenity, a new power station or a humble dwelling – many of the key features of the project will be determined at the design stage. But I believe that we still have some way to go to creating a mindset among architects and other designers to address problems and develop solutions that are truly sustainable in every sense – including being able to be built, used, maintained and ultimately demolished at the end of their life – safely, without harm to anyone – as well as fulfilling their primary function, limiting environmental impact and being aesthetically pleasing.

The principles of the Construction, Design and Management regulations have taken us a considerable way down this path but we continue to face significant challenges – for example, in applying this thinking to the construction of major offshore wind generation – in the years ahead.

This is not an argument for more regulation – far from it. It is an argument for extending the sound principles which we know lead to improvement in health and safety performance, with or without regulation, in those areas where it is warranted and in a way that is appropriate to the industry and the risks involved – especially into the conceptual and design phases.

I have never been a strong proponent of form filling and paperwork. *Some* paperwork is necessary of course but it can only ever support the *actions* of human beings. Health and safety in any sector is about involvement of everyone – whatever their employment status or rank and winning hearts and minds and wherever they sit in the supply chain. That comes with applying principles and practices that make sense, that make a difference to real issues and which do so with the minimum of paperwork and bureaucracy to meet requirements.

Whilst at this stage I am not in a position to comment on the precise contents of Lord Young's report into health and safety and the compensation culture, I can say that from the outset HSE has warmly welcomed the review and it is our intention to work closely with Lord Young to implement any recommendations it contains which relate to the work of HSE and workplace health and safety.

That's because as Lord Young has already indicated in his comments, a proportionate and commonsense approach to health and safety is essential as is the general freeing up of companies from bureaucracy. This is a view that we made clear was at the heart of our strategy when we published it over a year ago, so we already know that we are in agreement with Lord Young on this underlying principle.

So where does that leave us in October 2010?

As I've just said our strategy for *the Health and Safety for Great Britain in the 21st Century* remains entirely appropriate and fit for purpose. We believe the principles in the strategy of:

PROFILING THE RISK – DETERMINING WHAT IS REALLY IMPORTANT AND WHAT IS NOT IN PROJECT MANAGEMENT AND CONSULTING

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- Clear roles and responsibilities;
- Leadership;
- Involvement;
- Building competence; and
- Finding ways to bring successful approaches to SMEs, are not only future proof but apply as much to construction as to any other sector of the economy.

We know that there are challenges ahead which we must face.

This includes significant resource constraints in the public sector including HSE. This will make it all the more important to focus on priorities but which may also lead to further shifts in the type of projects undertaken in the construction sector as we emerge from recession.

Health and safety will remain a subject of much passionate debate ranging from those who truly believe that even “one death is too many” to those who consider that “a disproportionate amount of time is now being spent on that which has an inversely proportional effect on employees’ safety”.

All the while, there is another category containing those who believe that management will only ever take health and safety seriously under credible threat of enforcement. But some of the facts are:

- We have one of, if not, the best health and safety systems in the world;
- The last decade has shown what sort of culture change can be achieved in some parts of the construction industry with leadership and commitment;
- We are a long way from invoking the law of diminishing returns; and finally
- Successful health and safety is an on-going process – never regard it as a project which can be done, signed off and put to bed.

Thank you.