

Risk Managers Forum

Work Related Road Safety Corporate Governance

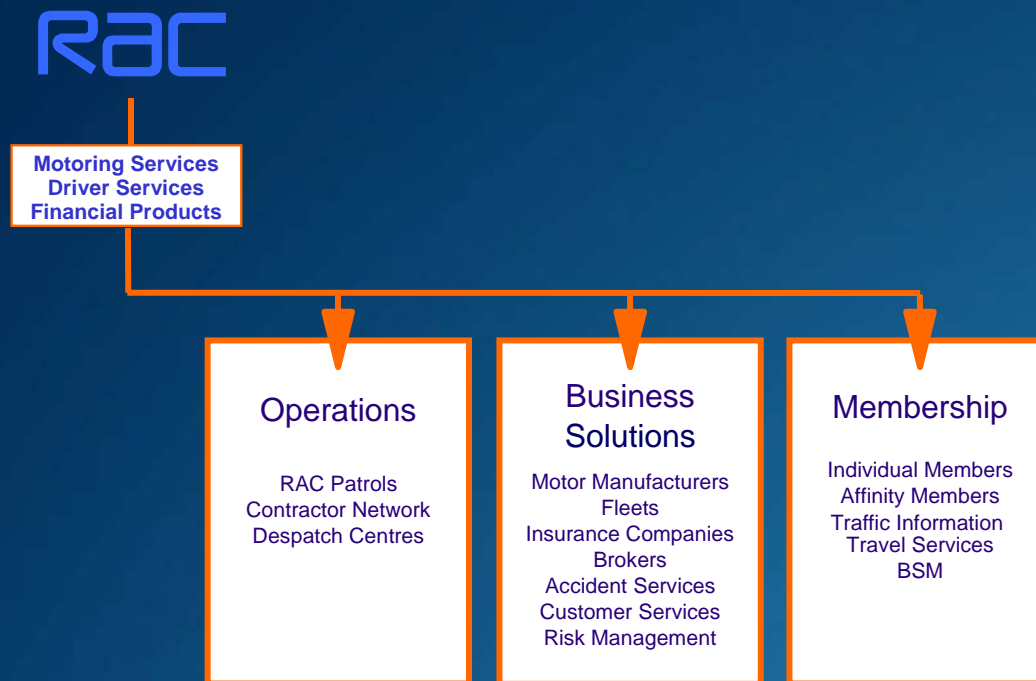
Presented by

Allen Bewley

Head of Risk Audits

The logo for RAC (Roads and Traffic) is displayed in the bottom right corner. It consists of the letters 'R', 'a', and 'C' in a stylized, white, sans-serif font. The 'a' is lowercase and positioned between the uppercase 'R' and 'C'. The letters are bold and have a slight shadow effect.

RAC Structure



LOSS

"The first rule of business is to survive and the guiding principle of business economics is not the maximisation of profit - it is the AVOIDANCE OF LOSS"

Peter Drucker



The National Problem

65% of ALL company vehicles will be involved in a road accident within the next 12 months

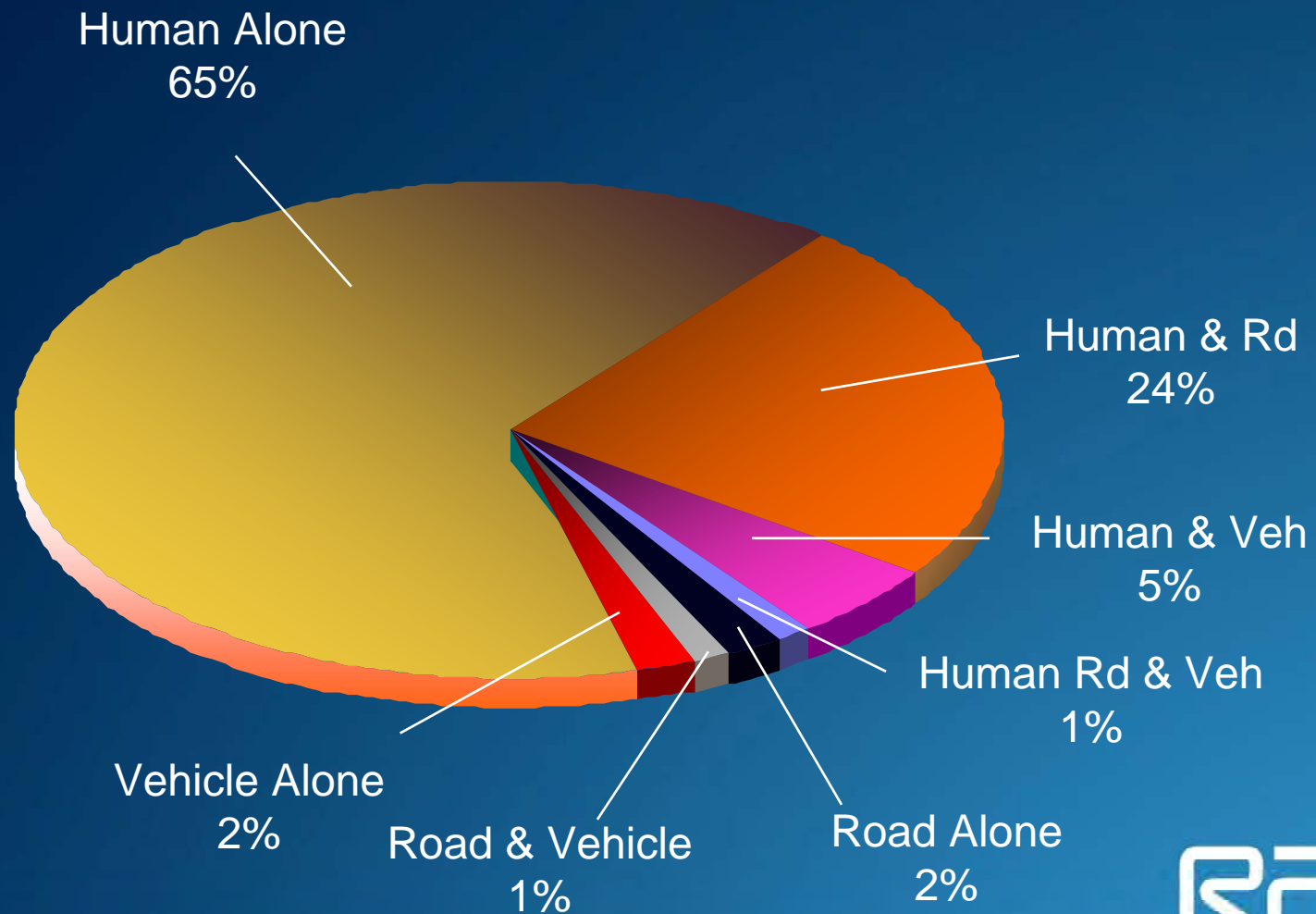
Bent metal costs with an average repair price per claim

£750 - Car

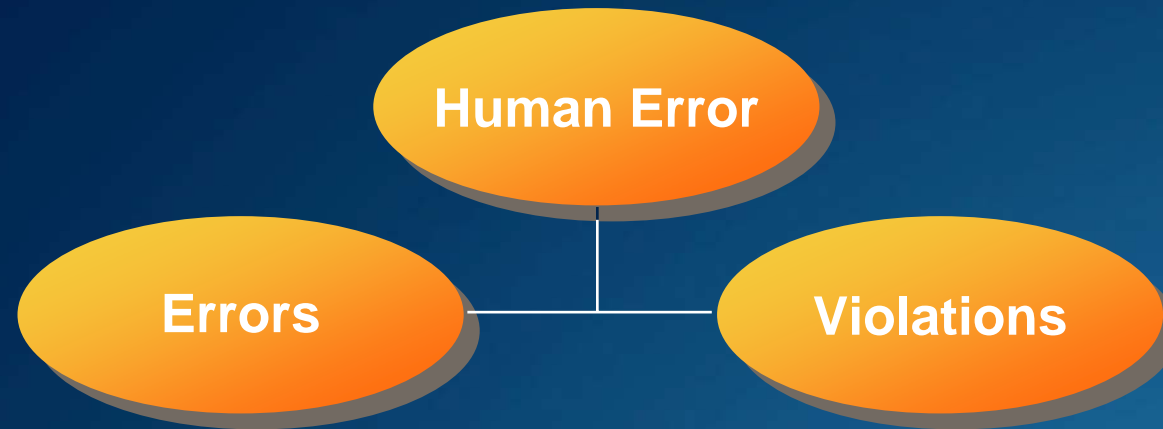
£1,300 - LGV

£4,500 - HGV

95% of all crashes are caused by Human Error



Human Error



**Cognitive -
Information Processing**
Training
Improved vehicle design
Memory Aids
Task analysis

**Motivational -
Organisational - Social**
Change attitudes
Change beliefs
Change norms
Improve safety culture



Occupational Road Risk

Duty of Care

- Moral
- Legal
- Economic

Legal

- HSAW 1974
- EEC Directives
- Road Traffic Acts
- Environmental Legislation



The Role of the Police

Modern Road Policing
A manifesto for the future

Investigation & Enforcement

- Enforce the law
- Promote road safety
- Investigate incidents
- Patrol the roads



RAC

The National Policing Strategy

- Denying the criminal the use of the road
- Reducing road casualties
- Tackling the threat of terrorism
- Reducing anti-social use of the road



The Yes / No Challenge

Does your current Health & Safety Policy contain clear and unambiguous references to occupational road risk, including:-

1. Corporate and individual "duty of care"?
2. Zero road crash / claim expectancy?
3. Zero road crash / claim culture?
4. Do you cross- reference (validate) every driving licence with the DVLA – (for all who drive on your company's business?)

The Yes / No Challenge

5. Do you have a written occupational road risk profile for everyone who drives on your company's business?
6. Do you establish "causal factors and learning outcomes" after every road accident claim.
7. Do all who drive on your company's business complete a daily / weekly vehicle check and log the outcomes?
8. Do you have a written fatigue policy and ensure / monitor outcomes?
9. Do you have a mobile communications policy that includes both "means of delivery" and "risk of distraction"?

The Yes / No Challenge



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The Liability Trap

YOU are “vicariously” liable for harm caused through the negligence of your employees / operatives in the course of their driving duties!

*“If they are doing something for you and about their duties
- including driving on corporate business - **YOU ARE RESPONSIBLE** –
even if they are behaving totally improperly and against your orders”.*

Greville Janner. Q.C.

Legal Challenge - Criminal

The primary objective of criminal law is deterrence, punishment and rehabilitation; the onus of proof is on the prosecution.

Compliance!

Failure to comply with any / all relevant regulations may result in a very high level of penalty, including imprisonment and / or unlimited financial penalty!

Legal Challenge - Civil

Civil law is concerned with resolving disputes between individuals or groups of individuals. Civil cases are brought by private parties, not the state, and are not brought with the express intention of obtaining a public law remedy. A person who has suffered a loss of reputation may still have severe financial difficulties if the courts find in favour of the defendant.

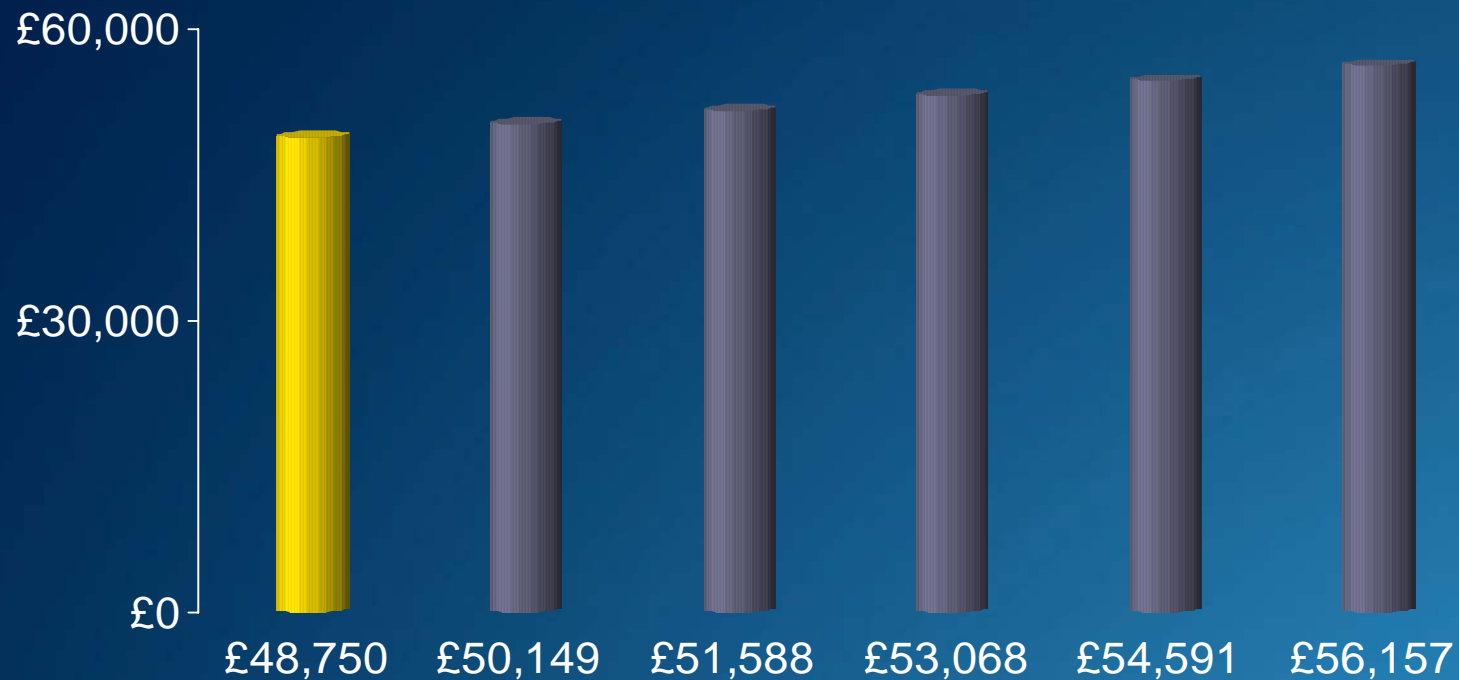
Reputation!

Economic

Fleet	100
No. of claims (last 12 months)	65
Avg cost / claim	£650
Ins excess / claim	£100
Net operating margin	6%

Cost of Doing Nothing

100 Claims 65 % claims ratio 65% Avg cost / claim £750



Over next 5 years: another 325 claims = £265,553

The Hidden Costs

Repair Costs
Hire Car Administration
Claims Administration
Possible Fatality
High Tyre wear
Hire Car cost
Increased insurance premiums
High fuel consumption
Defence of possible legal action
Towing charges
Missed Appointments
Poor company image
Late deliveries
Lost time for injury
Stressed Staff
Poor residual values

It is estimated by the ILCI / HSE that hidden costs are from 6 to 53 times greater than bent metal costs

Businesses rarely IF EVER recover hidden costs they are simply absorbed

The Revenue Effect

% Net Margin	Revenue Required
1%	£4,875,000
2%	£2,437,500
3%	£1,625,000
5%	£975,000
6%	£812,500

Loss Management may contribute more to profits than the best salesman!

EXAMPLE Co bent metal costs

£48,750

Unlicensed Drivers

ONE MILLION drivers don't hold a valid licence.
(That's ONE in every THIRTY TWO road users)

NINE times more likely to be involved in a collision.

FIVE times more likely to be involved in a FATAL.

Source (Dept of Transport)



Unlicensed Drivers

553,000 hours of UNLICENSED driving EVERY month

30% of company drivers have points on their licence.
(DOUBLE that of non-company drivers)

15% of all journeys are work related.

Source (Dept of Transport)



Unlicensed Drivers

Driving whilst unlicensed	Percent
Semi / Unskilled workers	26
Clerical / Admin / Management	20
Skilled manual workers	16

Source (Dept of Transport)

Fatigue

Q Can a manager or director be prosecuted if the schedules he or she sets are too tight?

A If they are likely to affect the employee's manner of driving and make him or her stay on the road for excessive hours, the answer is yes. In either case, if a collision did occur, it would have been entirely foreseeable in the eyes of the law.

Anthony Scrivener QC

Fatigue

Profile of Sleep Drivers	Within Previous 12 Months
All	15% (at least once)
Those exceeding 20,000 m.p.a.	34% (at least once)
All	6% (up to 10 times)
Those exceeding 20,000 m.p.a.	14% (up to 10 times)

Source (RAC Report on Motoring)

Fatigue

People do not fall asleep without experiencing the symptoms first.

Getting out of the vehicle and walking about will only have a very limited effect.

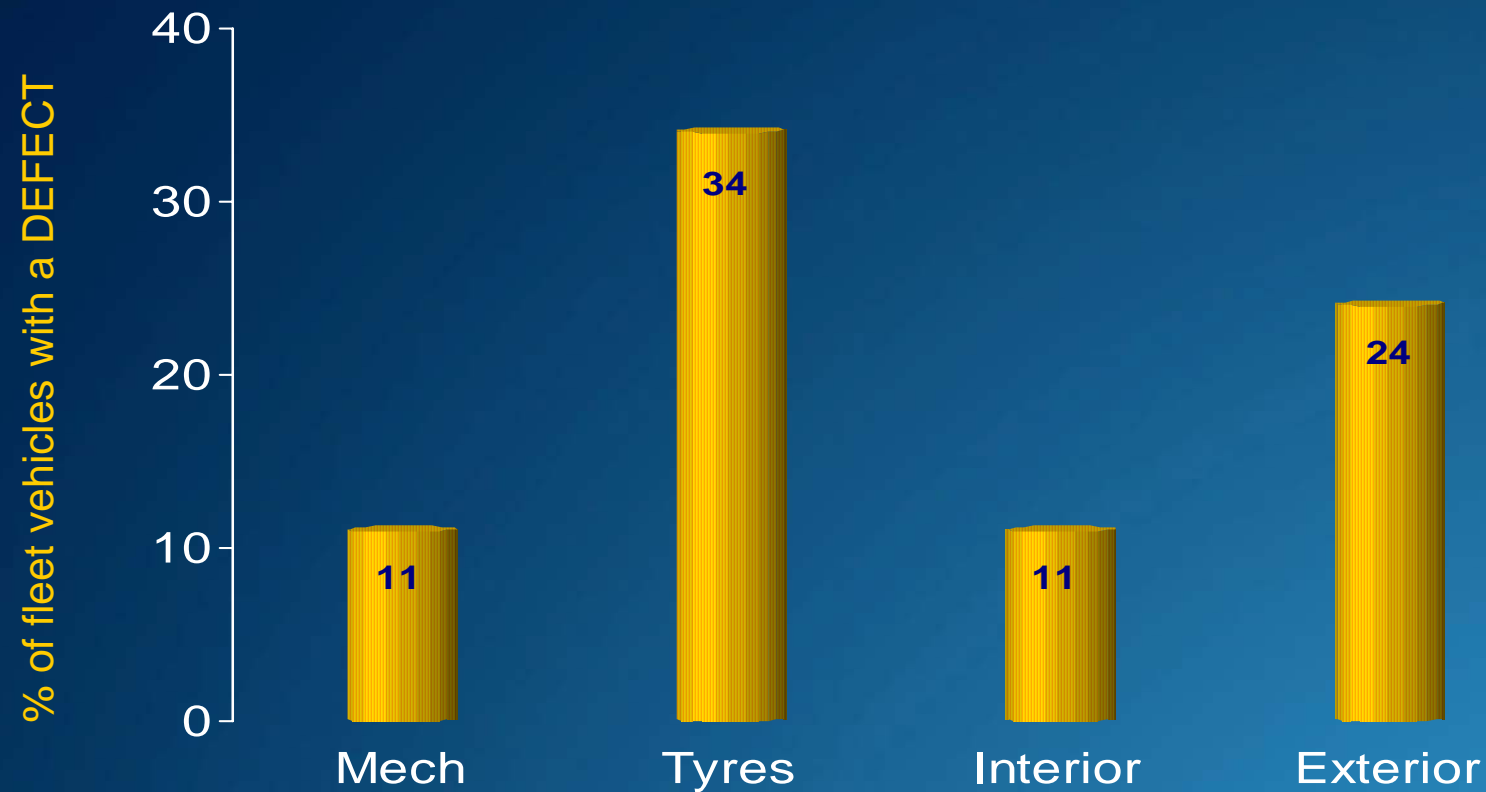
Opening the window and/or turning on the radio will not effect tiredness whatsoever.

No amount of willpower will keep anyone awake

Fatigue

1. Daily driving - in any period of 24 hours:
2. Continuous driving (single spell without a break):
3. Daily duty - where it involves driving:
4. Daily rest - where it involves driving:
5. Fortnightly duty - where it involves driving:
6. Fortnightly rest - where it involves driving:
7. Breaks (from driving during the working period):

Vehicle Defects

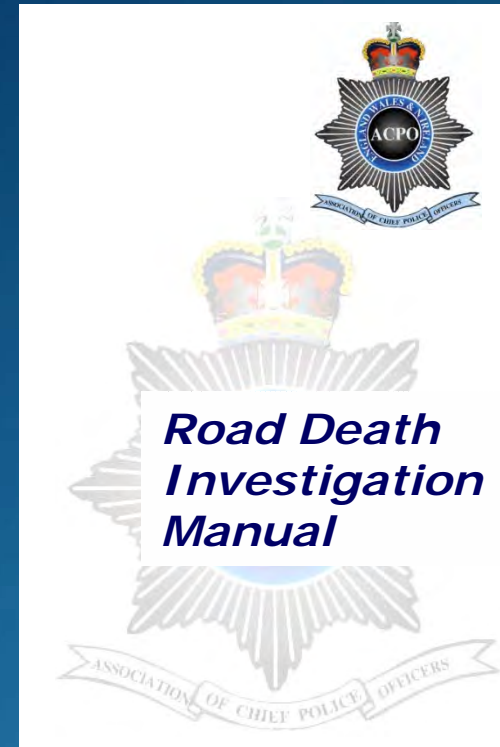


Vehicle Checks

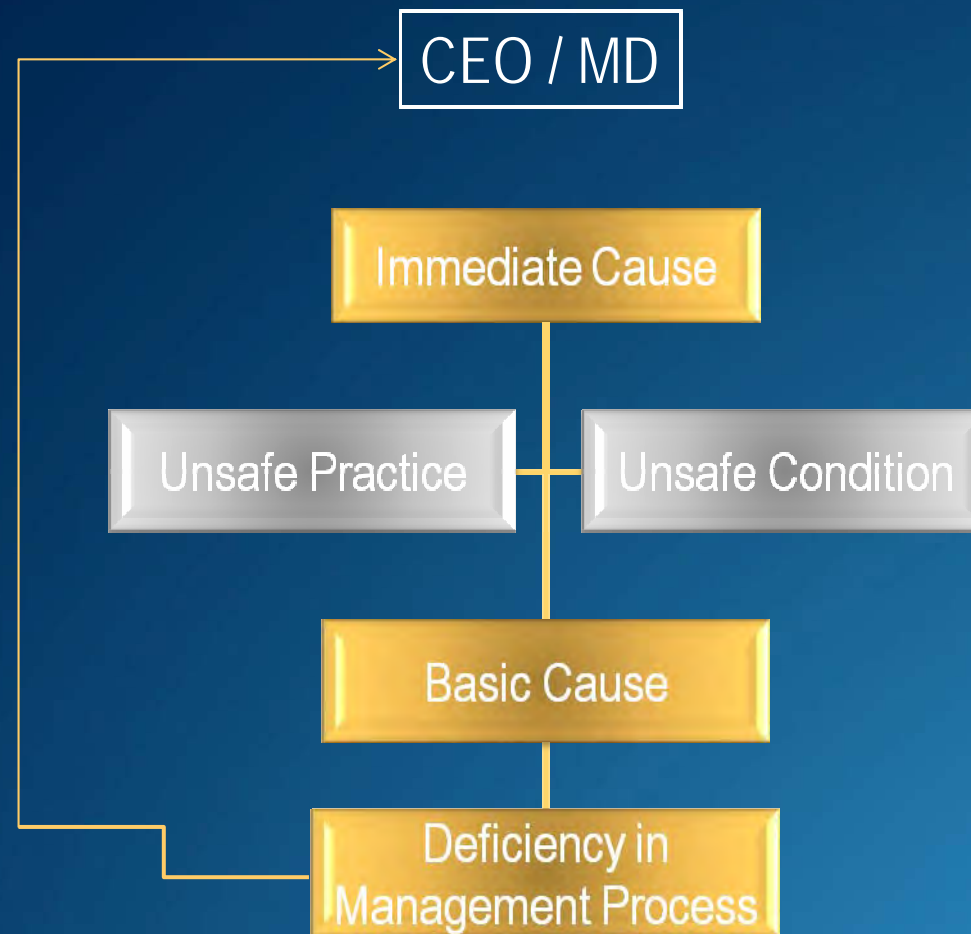
Problem	Effect on Tyre Life	Effect on Fuel Used
15% under inflated	18% reduction	1.5% increase
5% overloading	8% reduction	1.0% increase
1 ^o wheel misalign	7% reduction	3.0% increase
	33% reduction	5.5% increase

Police Investigation Standard

"Investigate all incidents as "UNLAWFUL KILLINGS" until the contrary is proved".



The Causal Model – S.C.A.T.



Avoidability

Any crash involving a motor vehicle which results in property damage and/or personal injury, regardless of who was injured, what property was damaged, to what extent, or where it occurred, in which our driver failed to take every reasonable precaution to prevent it.



Home Office Review

Review of Road Traffic offences *involving* bad driving.

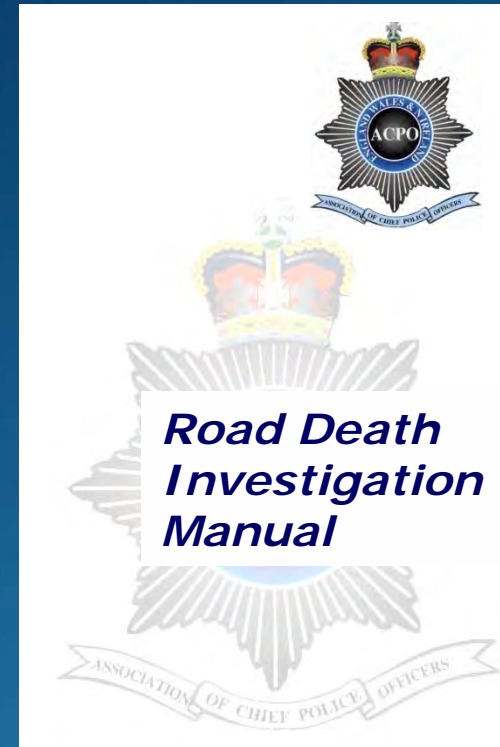
Individuals who break specific laws (e.g. speed, mobile phone, unlicensed driving, unroadworthy vehicle, sleep driving, alcohol / drugs & driving etc) need to realise that they are liable not only for the specific offence but also, if the circumstances so justify, for the consequential outcome of the bad driving (i.e. crash causing death / serious injury etc)



The Investigative Outcome

`If the police went into every company with a fleet and investigated them in the same way I was, 99% of businesses would be ripped to shreds. It was a harrowing experience and one I would not want repeated`

David Lee
Fleet Manager
John Laing Construction



Strategic Objectives

To meet YOUR ORGANISATION'S obligations to Health & Safety, Road Traffic, and Environmental legislation.

To reduce the number of avoidable claims by 70% over the next 5 years

To improve fleet operating costs including:

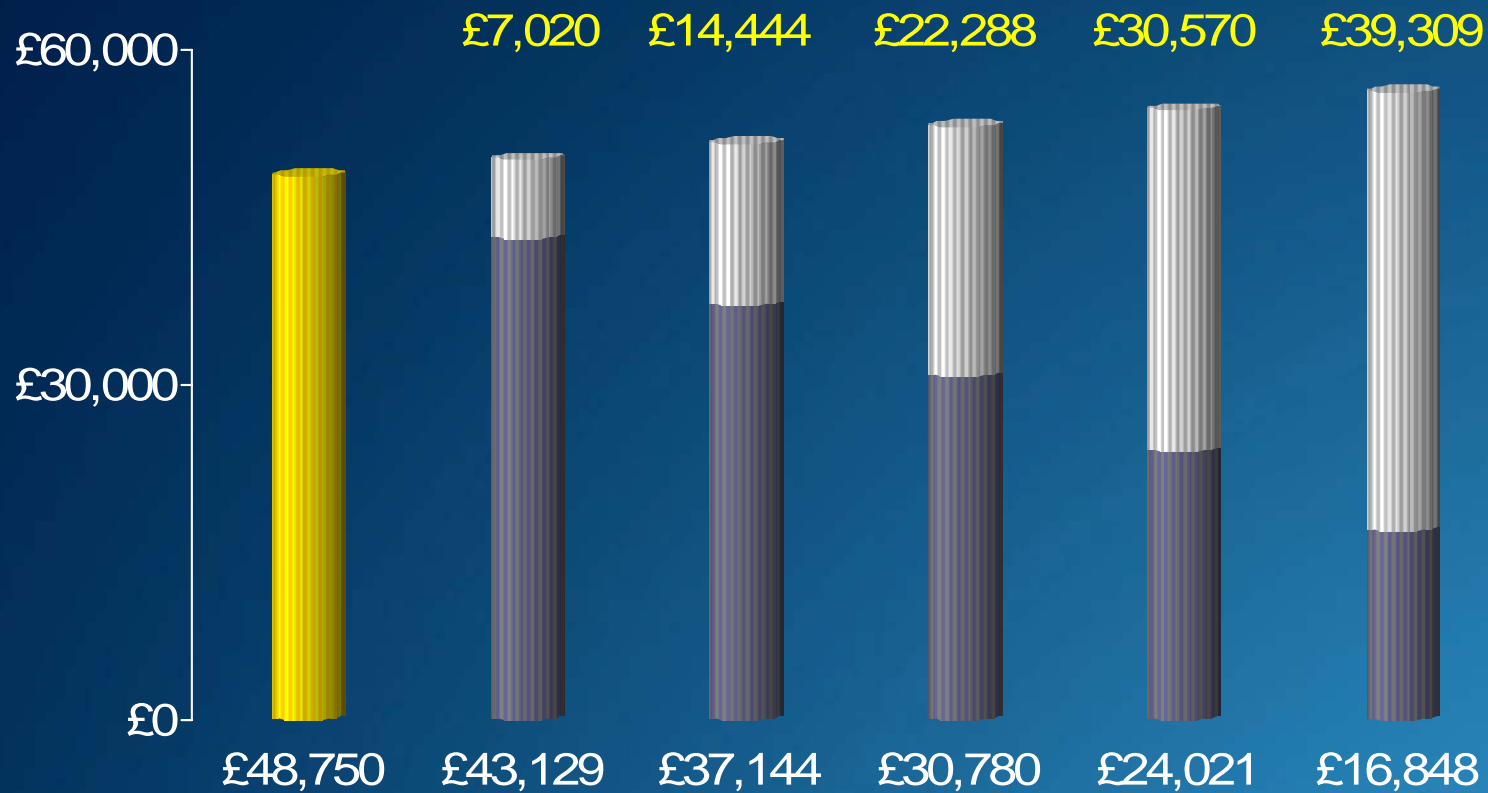
Maintenance; Fuel; Oil; Tyres; Residuals

To maintain and sustain a downward trend.

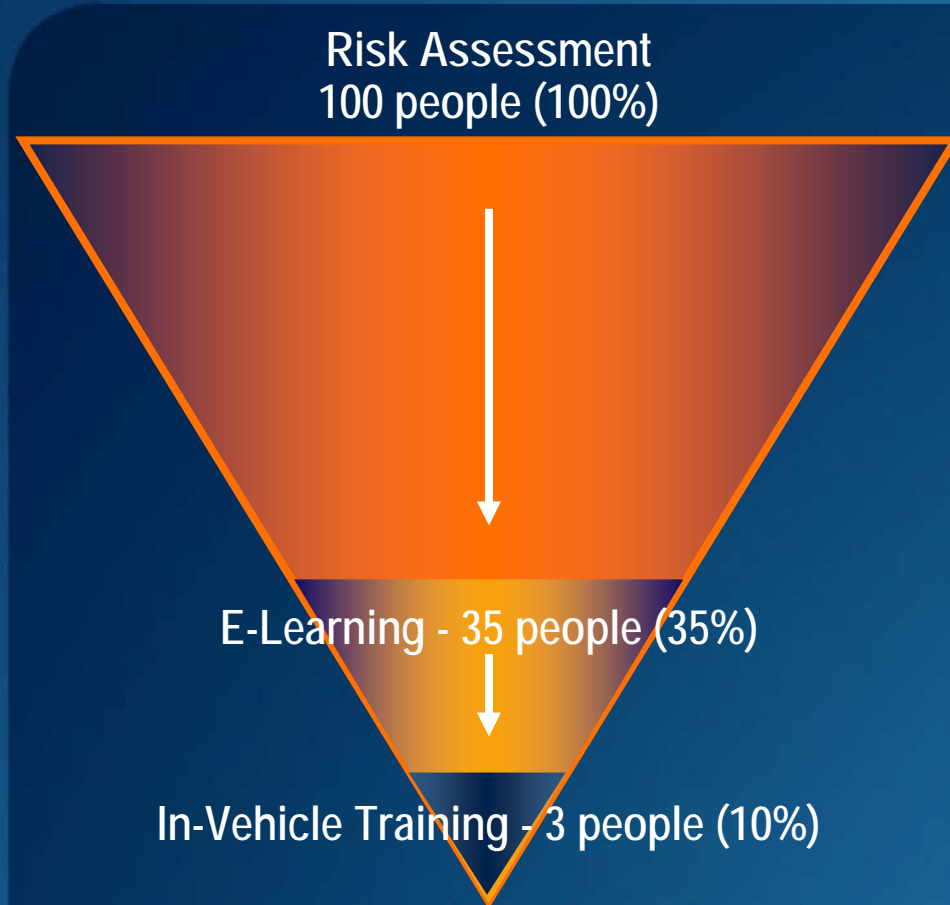
5 Year Target

70% Fewer Claims @ 14% per year = Projected Saving

£113,631



Investment Analysis



100	£13.50	£1,350
35	£20.00	£700
3	£165.00	£495
Total Investment		£2,545
Avg price per head		£25.45p
Avg cost per claim (Bent metal only)		£750
Break Even		3

The 5 Step Strategy

Identify all loss exposures

Evaluate the risk in each exposure

Develop a plan

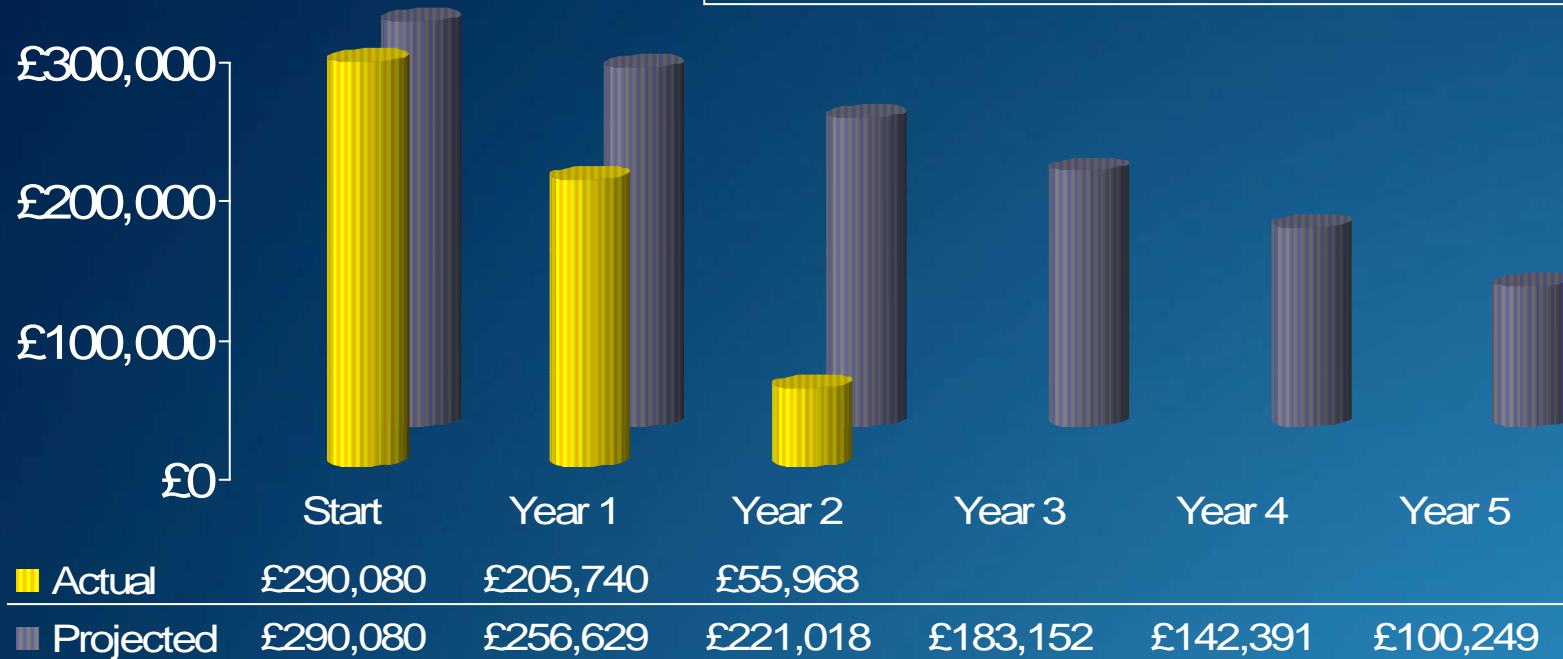
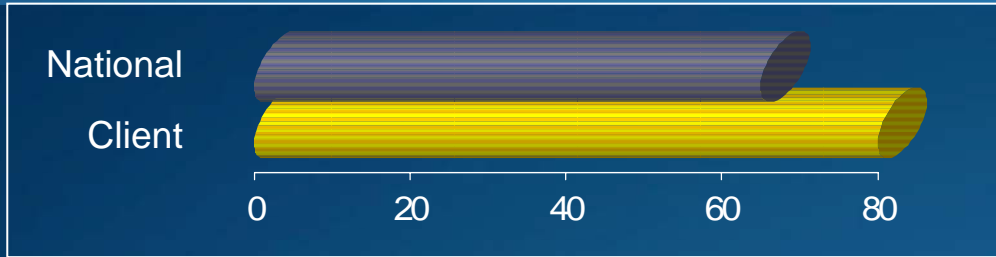
Implement the plan

Monitor and amend as required

The Safety Audit

- General Health & Safety Policy
- Road Safety Policy
- Management Hierarchy
- Pre-employment
- Induction
- Training
- Accident Reporting
- Accident Investigation
- Accident Classification
- Discipline
- Vehicle check
- Fatigue Policy
- Drug & Alcohol Policy
- Smoking Policy
- Mobile Phone Use Policy
- Performance Appraisal
- Communications
- Policy Review

Does it work?



Does it work?



*“Claims involving those people who had participated in the programme **REDUCED by 77%**. The cost per claim (severity factor) **REDUCED by 34%** and the frequency rate **SLOWED by 335%**”.*

Alan Ries
Fleet Administration Manager
KODAK LIMITED

RAC

Does it work?

“Changing our employees attitude was key to dramatically improving their driving behaviour.

*The change achieved a large reduction not only in preventable accidents. **Our accident rate has fallen by over 70%** since the introduction of the programmes”.*

J. F. Steven
Safety Director
International Ohmeda (BOC)

RAC

Safe Journey

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