

An OILC Paper
Offshore Safety Division – Enforcement Statistics 1996 – 2007

1. Summary

- 1.1. We have reviewed the enforcement notices issued by the UK offshore safety regulator, the Offshore Division of the Health and Safety Executive (OSD/HSE), from April 1996 to March 2007.
- 1.2. We conclude that the level of enforcement activity as reflected by the numbers and types of Notices issued is consistent with a general improvement in safety standards over the last 11 years although less progress has been made in the last two years.
- 1.3. We find no evidence that the levels of regulatory non-compliance as reflected by the issue of notices are related to the size of the offending dutyholder organisations.
- 1.4. We note that the ratio of Prohibition Notices to Improvement Notices has fallen over the 11 years under review. We also note that this ratio differs substantially between dutyholders.

2. Enforcement Notices

- 2.1. HSE use the term ‘enforcement’ to include all the activities directed to ensure compliance with H&S regulation. This includes Inspectors giving advice and informal warnings. Enforcement notices are a more formal way to compel compliance. Use of enforcement notices is guided by the HSE Enforcement Policy and the Enforcement Management Model. This guidance ensures consistency between Inspectors when issuing Notices. For this note we have assumed that a consistent approach to the issue of Notices has been taken by OSD Inspectors throughout the last 11 years.
- 2.2. There are two types of Notice: Improvement Notices and Prohibition Notices. Both types of Notice are issued under powers granted by the Health and Safety at Work etc. Act 1974. (HSWA). Notices are served by Inspectors and must be based on evidence available to Inspectors at the time the Notice. Notices are subject to appeal to an Employment Tribunal. Failure to comply with a Notice is a criminal offence and can lead to the prosecution of offending companies and their directors
 - 2.2.1. **Improvement Notices (INs)** (HSWA Ss 21). A competent IN requires a breach of H&S regulation but need not be associated with an actual risk of injury to the workforce. In practice it is very unusual for an IN to be served by OSD Inspectors where there is no evidence of a risk of injury or ill-health. No IN can come into effect until at least 21 days have passed from the date of issue.
 - 2.2.2. **Prohibition Notices (PNs)** (HSWA Ss22). To serve a PN, an Inspector must be of the opinion that there is a risk of death or serious injury to people from the work activity he seeks to prohibit. There is no need to allege a regulatory breach but it is good practice to do so. PNs may be immediate if the unsafe situation exists at the time the Notice is issued or deferred if the Inspector identifies some future circumstances where the unacceptable risk will occur at a later date. We can find only

one deferred PN issued by OSD in the last 5 years. We have not distinguished between the two types of Notice for the purpose of this note.

2.3. Since PNs are always associated with a risk of death or serious injury they may reflect a more serious breach of H&S standards. We suggest that the ratio of PNs to INs is an indication of safety standards for the industry or for specific dutyholders.

3. Data on Enforcement Notices

3.1. HSE maintain a database of all INs and PNs for the last 5 years on their website. This provides full details of all Notices but as Notices are removed after 5 years these details are only available for Notices issued from 2002/03 onwards. We have recovered some data on earlier Notices from other sources and thus have data on numbers of Notices by type from 1996/97, some additional data for 2001/02 and full details from 2002/03 onwards.

3.2. For this note we have only included Notices classified by HSE as 'Extraction of crude petroleum and natural gas' (11100) and 'Service activities incidental to oil and gas extraction excluding surveying' (11200). We have excluded all Notices on Diving operations and onshore plant

3.3. From the available data we are able to identify recipients of Notices from 2001/02 onwards and from 2002/03 We have full details including date of Notice recipients, installations, regulatory breaches and summary details.

3.4. From the available data after 2002/03 we have been able to assign Notices to a number of categories. This is a somewhat subjective exercise but we have identified 6 categories of management failure giving rise to the Notices. These are:

SMS - general management failure including failure to have a safe system of work

Verification - failure to have or implement a system to select, inspect and test SCE or to take action if SCE not meeting performance standards

Fire & Explosion – failure to install, test or maintain equipment for the purpose of controlling fires and explosions. Lack of adequate escape/evacuation arrangements

Maintenance/Repair - general failure to keep equipment in good working order

Equipment - inadequate or unsuitable equipment

Wells – Well specific issues including well control, integrity, examination design and well related equipment. Excludes drill floor equipment.

Some but not all Notices have been assigned to more than one category.

3.5. We have also been able to assign each dutyholder to one of company types, namely:

Operator: These are the oil companies who own and operate installations. It also includes some contractors such as Petrofac who manage installations.

Drilling/Mobile: The owners and operators of MODUs

Drilling/Fixed: Drilling contractors providing drilling services on fixed platforms.

Service Contractor: Third party service contractors, engineering contractors and labour contractors.

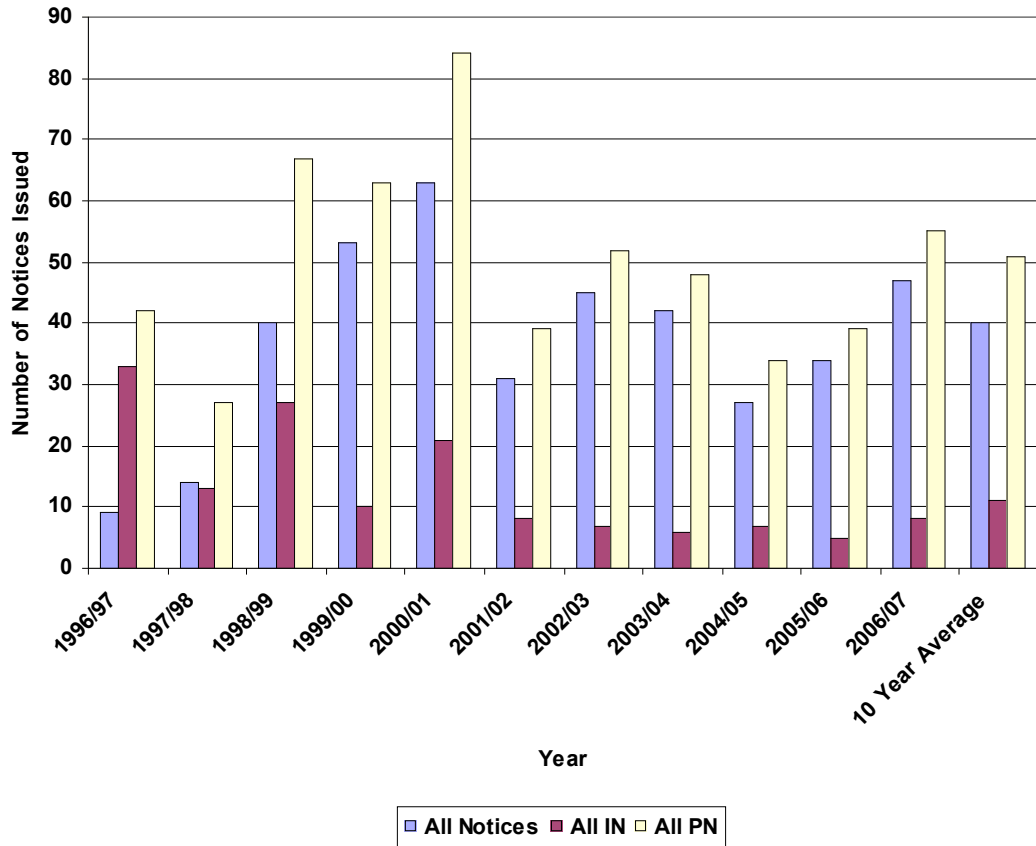
3.6. The data used in the study is presented in the Tables in Annex A

4. Analysis

4.1. The number of Notices issued each year from 1996/97 and the proportion of the ratio of PN/IN are presented in Table 1 and Figures 1 and 2.

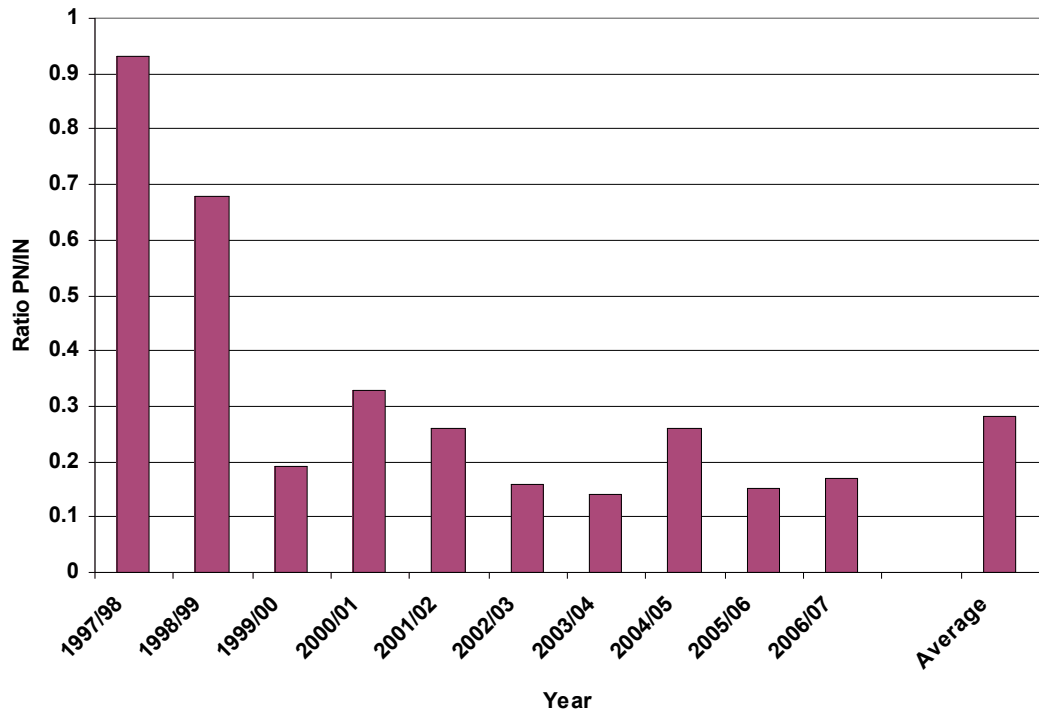
4.2. Figure 1 shows that the number of Notices issued increased from 1996 to 2001 and has since fallen substantially since then. If enforcement standards have been consistent throughout the period, this would be consistent with a reduction in the number of regulatory breaches and unsafe situations found by Inspectors.

Figure 1- Notices Served on all Dutyholders 1996 - 2007



4.3. Similarly Figure 2 shows that the PN/IN ratio has dropped over the last 10 years. This suggests that Inspectors are finding fewer serious unsafe conditions and is consistent with a general improvement in safety standards.

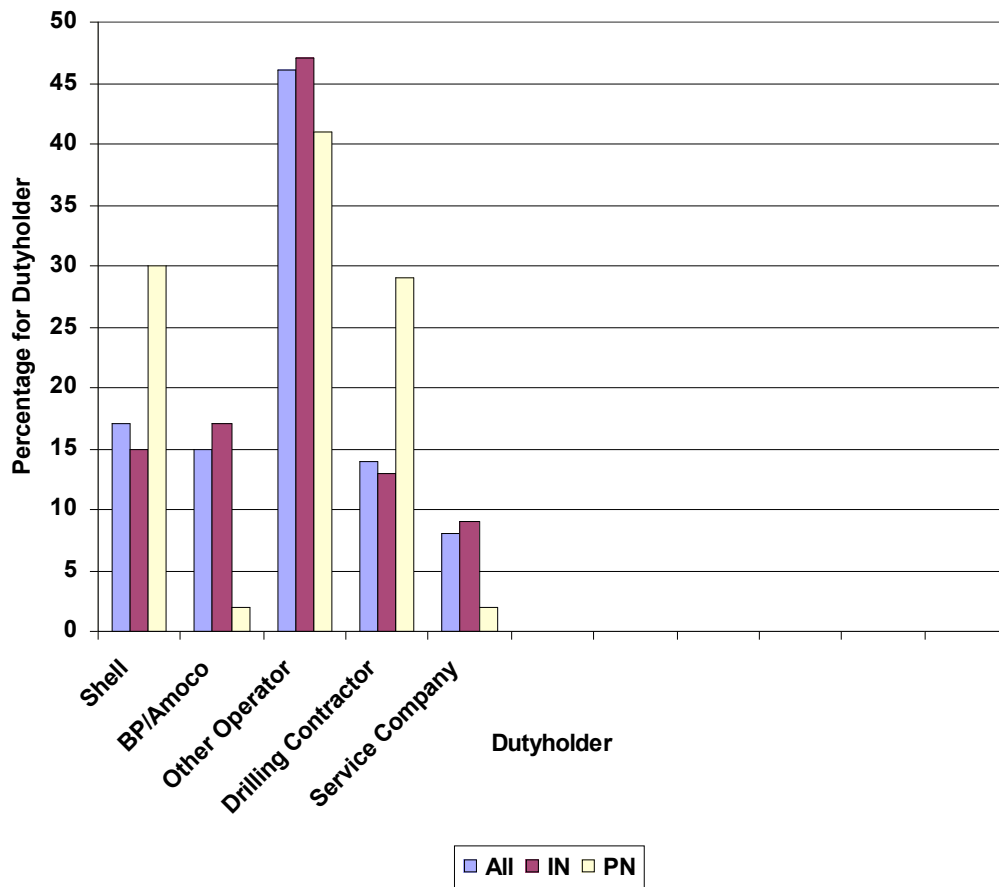
Figure 2 - Ratio of PN to IN 1997 - 2007



4.4. Although there has been a general improvement in safety standards, some dutyholders perform better than others. The percentage of Notices served on various dutyholders is shown in Figure 3 and the corresponding PN/IN ratio for the same dutyholders is given in Figure 4.

4.5. It is not surprising to find that the operators of production installations received a large proportion of the Notices. Drilling contractors seem to have received rather fewer Notices than would be expected. However it is clear that the larger operators, Shell and BP/Amoco did not receive a disproportionately low number of Notices as compared to smaller operators. Overall the proportion of all Notices that they received was close to the number of production installations they operated. By this measure they did no better than other smaller operators.

Figure 3 - Notices by Dutyholders (2002 - 2007)

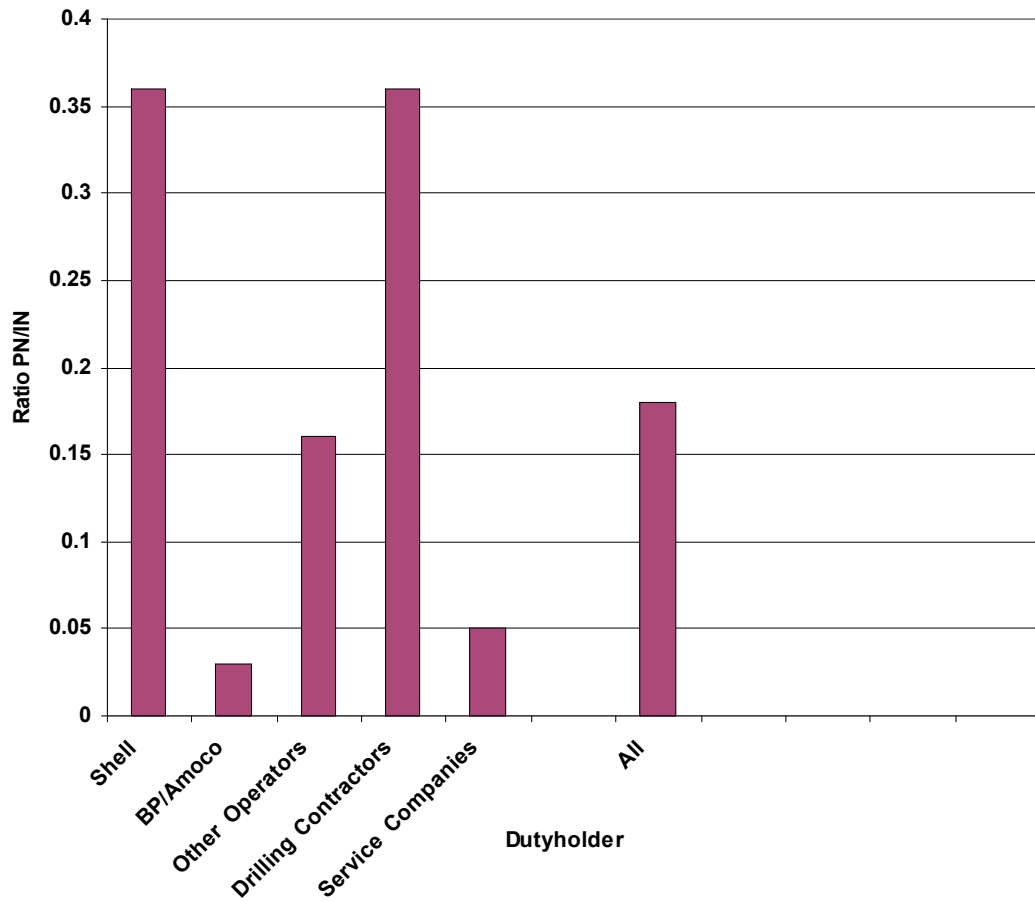


4.6. However, the data do show one obvious difference in safety performance between dutyholders. That is in the severity of the breaches requiring notice action by Inspectors. This is reflected in the proportion of PNs received. This is presented in Figure 4.

4.7. Figure 4 shows that one dutyholder, Shell, has by far the worst performance in terms of PNs. While Shell did not get a disproportionate number of Notices, they did get a disproportionate number of PNs. In fact a Notice served on Shell is 10 times more likely to be a PN as is the case for BP/Amoco and twice as likely than is the case for other operators.

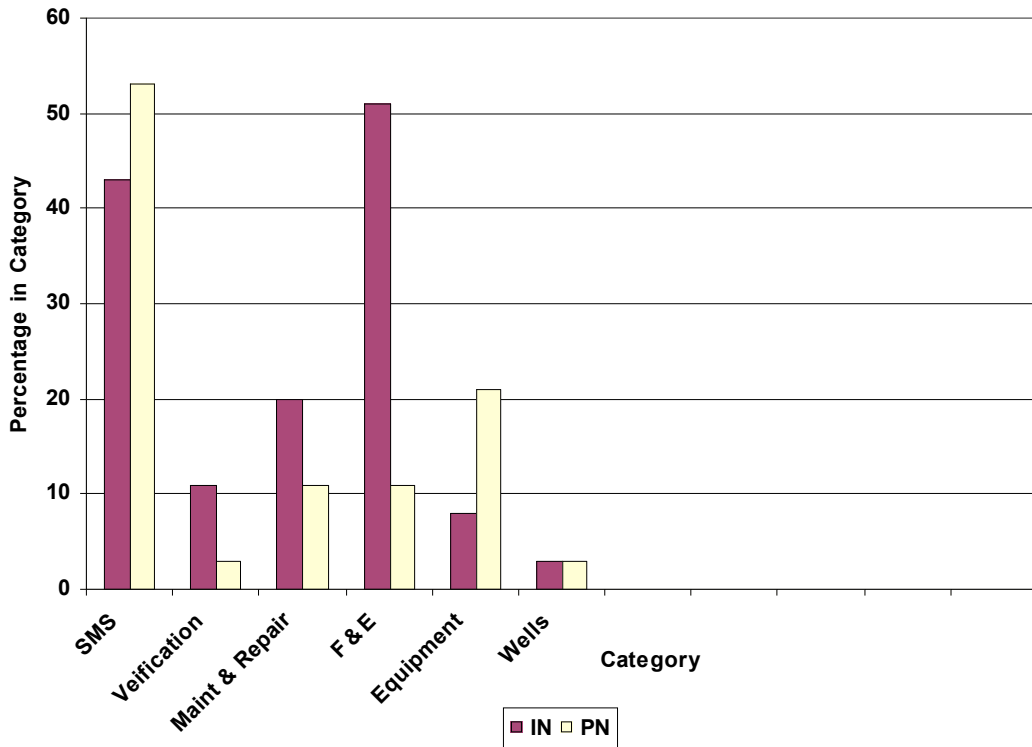
4.8. This does not support the view that large oil companies are capable of delivering high safety standards.

Figure 4 - Ratio of PNs to INs by Dutyholders 2002 - 2007



4.9. It is also possible to compare the frequency of various management faults leading to the issue of Notices. This is presented in Figure 5.

Figure 5 - Notices by Category as Percentage of all Notices 2002 - 2007



4.10. Unsurprisingly, the most common category of failing leading to the issue of a Notice was in Safety Management. More than 50% of all PNs fell into this category.

4.11. The other common category was Fire and Explosion although few PNs fall into this.

5. Conclusions

5.1. The enforcement action by OSD over the past 11 years as reflected by the issue of Notices suggests a general improvement in offshore safety.

5.2. The pattern of enforcement action does not support the widely held view that larger companies are more compliant with regulation. Indeed it suggests that the level of regulatory compliance in large operators can vary from poor to excellent.

Offshore Industry Liaison Committee August 2007

Table 1 - Improvement and Prohibition Notices – All Breaches (1) (3)

Year (2)	IN	PN	Total	Notices for year as percentage of 11 year total	PN as Percentage of all Notices for Year	Ratio of PN to IN for Year
1996/97	9	33	42	8	79	3.67
1997/98	14	13	27	5	48	0.93
1998/99	40	27	67	12	40	0.68
1999/00	53	10	63	12	16	0.19
2000/01	63	21	84	15	25	0.33
2001/02	31	8	39	7	21	0.26
2002/03	45	7	52	10	13	0.16
2003/04	42	6	48	9	13	0.14
2004/05	27	7	34	6	21	0.26
2005/06	34	5	39	7	13	0.15
2006/07	47	8	55	10	15	0.17
Average – 1997 to 2007	40	11	51		22	.28
Total	405	145	550		26	0.36

Table 2 - Improvement and Prohibition Notices by Category of Breach (1) (10)

Year (2)	Category											
	SMS		Verification		Fire & Explosion		Maintenance & Repair		Equipment		Wells	
	IN	PN	IN	PN	IN	PN	IN	PN	IN	PN	IN	PN
2002/03	27	5	6	0	12	2	9	1	4	0	2	0
2003/04	27	1	7	1	18	2	6	1	2	2	1	0
2004/05	17	5	4	0	7	0	4	2	2	2	2	0
2005/06	21	3	3	0	7	0	6	0	2	3	4	0
2006/07	21	6	10	0	8	1	15	0	10	1	0	1
Total	113	20	30	1	52	4	40	4	20	8	9	1