

**Health and Safety Executive (HSE)**

**Evaluation of the impact of charging on Offshore**

**9 July 2002**

**Final Report**

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# 1. EXECUTIVE SUMMARY

## Introduction

1.1 The 1997 Quinquennial Review of the Health and Safety Executive (HSE) recommended that HSE should investigate introducing charging for its safety case regimes. Following a feasibility study charging schemes were introduced for the Control of Major Accident Hazards (COMAH) from April 1999 and for Rail, Gas Transportation and Offshore from October 1999. Because of concerns about the introduction of charging Ministers agreed that a review of each charging scheme should be conducted after two years of operation. In June 2001 Deloitte & Touche were commissioned to carry out this review programme. This report relates to our review of the impact of the Offshore scheme. The review programme will include separate reports on COMAH, Gas Transportation and Rail as well as cross-cutting reports on:

- the reasonableness of charge-out rates;
- the efficiency of administrative processes;
- a review of the effectiveness of the queries and disputes procedure.

## Overview of approach

1.2 Our work on the Offshore charging scheme was carried out primarily through a structured, and agreed, process of tripartite consultation with dutyholders, staff from HSE and unions. Consultation was supplemented by a limited amount of data analysis.

1.3 The consultation methods employed during this review included a survey, telephone interviews, face to face interviews, and workshops. Using these methods across the three groups of stakeholders provided us with opportunities to explore the impact of charging from a number of different viewpoints and dimensions.

## Findings

1.4 Summarised below are the findings of the Offshore study. The findings are arranged into a set of specific areas derived from our terms of reference. Each of these areas was explored in detail during the study, making use of the methods described above.

### *Effect of charging on industry's health and safety policies, practices and compliance performance*

1.5 Dutyholders and inspectors felt that charging had had no effect on health and safety policies, practice and compliance. One inspector felt that there may be a tendency for industry to delay the submission of a safety case amendment because of budgetary considerations.

### *Effect of charging on relationship between HSE and industry*

- 1.6 The majority of dutyholders (89% of surveyed dutyholders) did not feel that the relationship had been negatively affected. There was one subset however, namely drilling contractors, which did have stronger feelings than the average respondent on this particular issue, feeling that the relationship had deteriorated noticeably as a result of charging.
- 1.7 While most dutyholders did not feel there had been a change in relationship, a number noted negative pressures. These concerns centred on two main issues: inadequate information on invoices; and difficulty in budgeting. A significant number of dutyholders made strong comments relating to the invoice issue in particular.
- 1.8 On the issue of advice seeking, one quarter of surveyed respondents felt they were less likely to seek advice from HSE since the introduction of charging.
- 1.9 Inspectors have, in general, not noticed major changes in the relationship as a result of charging. Those that did thought that some dutyholders appear to be less forthcoming with information since the introduction of charging.

### *Effect of charging on operational behaviour and morale of inspectors*

- 1.10 Dutyholders did not, in general, notice any change in the operational behaviour of inspectors. One industry association noted that there seemed to be less collaboration between HSE and industry under charging, which was most noticeable in the pre-submission phase of safety case assessments.
- 1.11 Some specialist inspectors believed that charging had placed some pressure on the interaction between specialist teams and Inspection Management Teams (IMTs). They thought that IMTs were very conscious of the cost to their dutyholders, and in their attempt to keep it as low as possible, did not call on specialists as much as they would have before charging was introduced.

### *Cost to industry and HSE of complying with and administering the new charging arrangements*

- 1.12 Half of those surveyed claimed to have incurred additional costs, the majority of which were less than £3,000 (for both start-up and annual costs).

### *Effect of charging on HSE's strategic goals and policy approach*

- 1.13 Senior staff within HSE believe strongly that charging has in no way affected its strategic goals and policy formulation. Programs to improve health and safety are developed independently of any charging considerations.
- 1.14 HSE senior staff think that, in the future, charging may lead to slightly less flexibility in its approach to health and safety. A policy approach embodying more standards setting (as opposed to front-line inspection) causes the charge-out rate to increase. Since the charge-out rate is, to some extent, used by industry as a proxy for efficiency, any program that leads to its increase may be perceived as a drop in efficiency, and result in pressure from industry. There are, however, clearly benefits

from standards setting, most notably that a consistent approach from Inspectors will ultimately be more cost efficient.

*Effect of charging on HSE's regulatory performance*

- 1.15 No-one consulted within HSE felt that there had been any effect on regulatory performance.
- 1.16 Most dutyholders consulted did not feel that regulatory performance had been affected in any way.

*Effect of charging on the efficiency of way in which HSE carries out its functions and whether greater transparency has resulted in benefits to industry and regulator*

- 1.17 The majority of dutyholders consulted did not feel there had been a change in HSE's overall efficiency as a result of charging. A small number of survey respondents felt efficiency had reduced, and none felt it had improved.
- 1.18 In terms of specific elements of efficiency, invoices emerged as the main area of concern for dutyholders, with a number indicating that the level of information provided on invoices was inadequate.

*Suggested improvements to the charging scheme*

*It should be noted that the suggestions listed in this Section are those arising from the Consultation Stage and are not the recommendations of Deloitte & Touche.*

- 1.19 On the question of improvements to the charging mechanism, survey respondents were evenly split on whether the actuals system should be replaced or not. The majority of those who felt it should be replaced with a different system thought banded charges to be most preferable.
- 1.20 On improvements to the current scheme, suggestions were grouped around two main themes: invoices and budgeting.
- 1.21 A number of dutyholders felt strongly that more information should be provided on invoices to allow better analysis of the work carried out.
- 1.22 Dutyholders also felt HSE could provide more information to assist them in the preparation of budgets. A yearly anticipated budget per dutyholder, covering inspection and assessment was suggested.

## **2. BACKGROUND TO THE REVIEW & SCOPE AND STATUS OF THIS REPORT**

### **Background to the review and terms of reference**

- 2.1 The Government's 1997 Quinquennial Review of the Health and Safety Executive (HSE) and Health and Safety Commission (HSC) recommended that HSE should investigate introducing charging for its permissioning, safety case, regimes. A feasibility study was completed and charging regimes were introduced for the Control of Major Accident Hazards (COMAH) from April 1999 and for Railways, Gas Transportation and Offshore from October 1999.
- 2.2 Because of concerns about the introduction of charging raised by HSC, Ministers agreed with HSC's recommendation that a review of each charging scheme should be conducted after two years of operation. In June 2001 Deloitte & Touche were commissioned to carry out this review programme.
- 2.3 The purpose of the review is to establish the:
- effects of the introduction of charging on HSE's relationship with industry;
  - impact of charging, in each industry, on HSE's effectiveness and, in the case of COMAH, on the effectiveness of the Environment Agency (EA) and the Scottish Environment Protection Agency (SEPA);
  - effectiveness of the financial and administrative arrangements for the charging schemes.
- 2.4 The terms of reference of the review are to examine the efficiency and effectiveness of the COMAH, Gas Transportation, Offshore and Railways charging schemes and, in particular, to explore:
- the practical effect of charging on industry's health and safety policies, practices and compliance performance (and environment for COMAH);
  - the effect that charging has had on the shaping of HSE's strategic goals and policy approach to developing health and safety regulations;
  - the costs to industry, and HSE, incurred in complying with and administering the new charging arrangements;
  - any health and safety benefits that have resulted from the additional resources that charging has generated;
  - the effect of charging on the relationship between HSE and industry;
  - the effect of charging on HSE's regulatory performance;
  - the effect of charging on the operational behaviour and morale of inspectors;
  - whether charging has resulted in efficiency improvements in the way in which HSE carries out its function and whether the operation of charging in

an open and transparent way has resulted in benefits to industry and the regulator;

- what further business improvements could be made to the charging systems.

### **Scope, status and structure of this report**

2.5 This is the final version of the Offshore report. This report covers only our findings from our consultation and review of statistical trends for the Offshore charging scheme.

2.6 This report is structured as follows:

Pre-Section	Executive Summary	➤	A free-standing summary of the report that summarises our terms of reference, approach, and findings.
Section 2	Background	➤	An outline of the background to this study and the scope and status of this report
Section 3	Methodology	➤	An outline of the methodology which informed our findings
Section 4	Trends in statistics	➤	Review of key statistics relating to incidents, enforcement activity and other aspects of HSE related to this project
Section 5	Findings	➤	Findings from the Consultation Stage of our work in relation to the key points in the terms of reference
Appendices		➤	A series of supporting appendices detailing the responses to the questionnaire, key issues that emerged from telephone interviews and workshops, details of interviewees and workshop participants and the original product description for this report. A glossary of acronyms is also included.

2.7 Following the clearance of this report, we will produce a consolidated report bringing together the findings from the four industry reviews. This report will not include our findings on the cross-cutting reports on the efficiency and effectiveness of the administrative processes or the reasonableness of charge-out rates.

### **3. METHODOLOGY FOR THE REVIEW OF OFFSHORE**

#### **Introduction**

3.1 Our work on the Offshore charging scheme was carried out primarily through a structured, and agreed, process of consultation with dutyholders, dutyholder representative groups, staff from HSE and unions. Consultation was supplemented by a limited review of statistical trends. This Section provides details of our methodology followed by an overview of the limitations of the approach taken.

#### **Trends in statistics**

3.2 The aim of the review of key statistics was to identify whether there has been any change in the outcomes of health and safety across the population of dutyholders since charging was introduced.

3.3 Industry, inspectors and unions all agree that any trends in statistics will not, to any significant extent, be a result of charging.

3.4 This Section has therefore been used rather to set the comments of the various stakeholder groups in the context of understanding health and safety statistics for the Offshore industry.

#### **Consultation with dutyholders**

3.5 The process of seeking the views of dutyholders was structured and sequential. It took place as follows:

- the development and distribution of a survey sent to all dutyholders that had been invoiced for Offshore work on more than two occasions before September 2001. A list of dutyholders (and contact details) satisfying these criteria was provided to us by HSE. This sample was chosen so as to ensure that dutyholders being asked to express their views had sufficient experience on which to base their responses. Dutyholders were asked to complete two questionnaires: one from the perspective of an Offshore Installation Manager (OIM) and one from a corporate perspective. The survey was completed by 18 (28%) dutyholders. Results were analysed and used as a foundation for subsequent consultation phases (see Appendix 4 for details of the questionnaire and a summary of results);
- follow-up telephone interviews with 3 dutyholders to explore emerging key issues from the survey and to allow interviewees the opportunity to discuss other issues (see Appendix 2 for list of dutyholders consulted);
- interviews with 2 key industry representative groups (see Appendix 2 for a list);
- discussions with 4 key contractor representative organisations (see Appendix 2 for a list);

## Consultation with staff from HSE

3.6 The process of seeking the views of HSE staff included the following:

- face-to-face interviews with a selection of 17 HSE inspectors with more than 3 years of experience with the Offshore Division from Aberdeen, Norwich, Bootle, and London;
- face-to-face interviews with senior HSE staff including the current heads of the Hazardous Installations Directorate and Offshore Division, and two principal inspectors.

3.7 Details of attendees are listed in Appendix 2.

## Consultation with unions and safety representatives

3.8 We consulted the following bodies:

- Inter Union Offshore Committee;
- Safety Representative Network.

## Limitations of Approach

3.9 The following table sets out our view of the key limitations and the impact of these:

Aspect of work	Limitation	Impact
Trends in statistics	During the consultation process both dutyholders and HSE staff questioned whether any attempt to relate trends in accident and incident statistics to the introduction of charging would be meaningful given the sporadic nature of accidents in the offshore industry. This problem was compounded by basing the analysis on available data corresponding to a relatively short period of time.	No conclusions relating to the impact of charging on the level of offshore incidents is possible.
Consultation – survey and telephone interviews of dutyholders	The response rate from industry was not as high as expected - 28% compared to the expected 50%. Attempts to improve the response rate included Deloitte and Touche telephoning dutyholders, HSE writing a letter to representative groups, and extending the deadline for submission.  Of those who responded, 5 were not willing to be interviewed by telephone, 4 did not return calls, and 3 made almost no comments warranting further discussions.	Relatively small sample size from which to draw general conclusions from the survey.

## 4. TRENDS IN STATISTICS

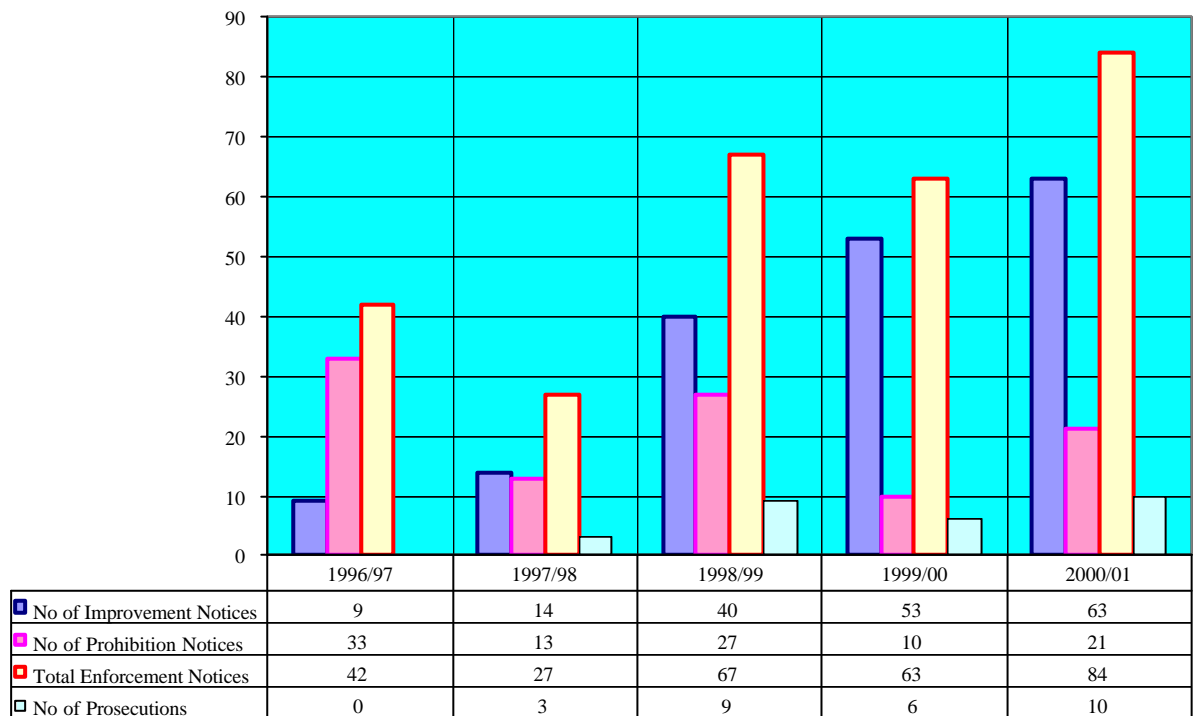
### Introduction

4.1 Any meaningful data analysis of health and safety statistics in relation to the introduction of charging is not possible primarily because the completeness of regulatory statistics provided by HSE was not sufficient to enable a thorough analysis of all data deemed to be indicative of HSE policies and practices.

4.2 This Section is therefore only intended to provide a health and safety context for this study.

### Enforcement Action

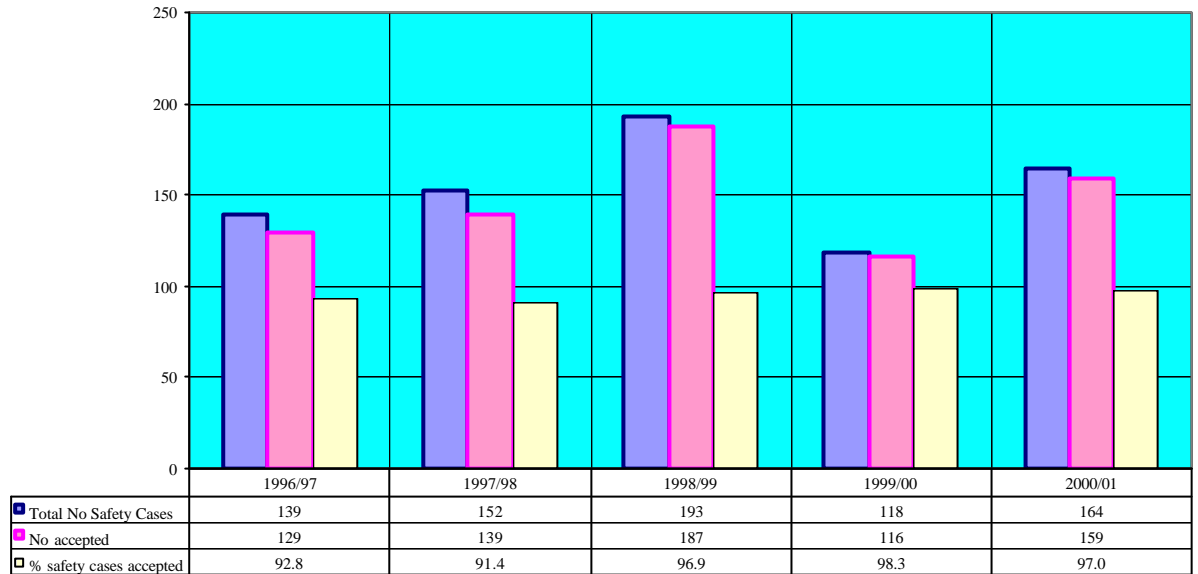
4.3 The graph below illustrates the enforcement actions from offshore inspectors.



4.4 The number of improvement notices increases year on year from 96/97 to 00/01. This has a corresponding effect on the total number of enforcement notices, creating an increase year on year from 97/98 to 00/01, except for 99/00.

## Safety Cases

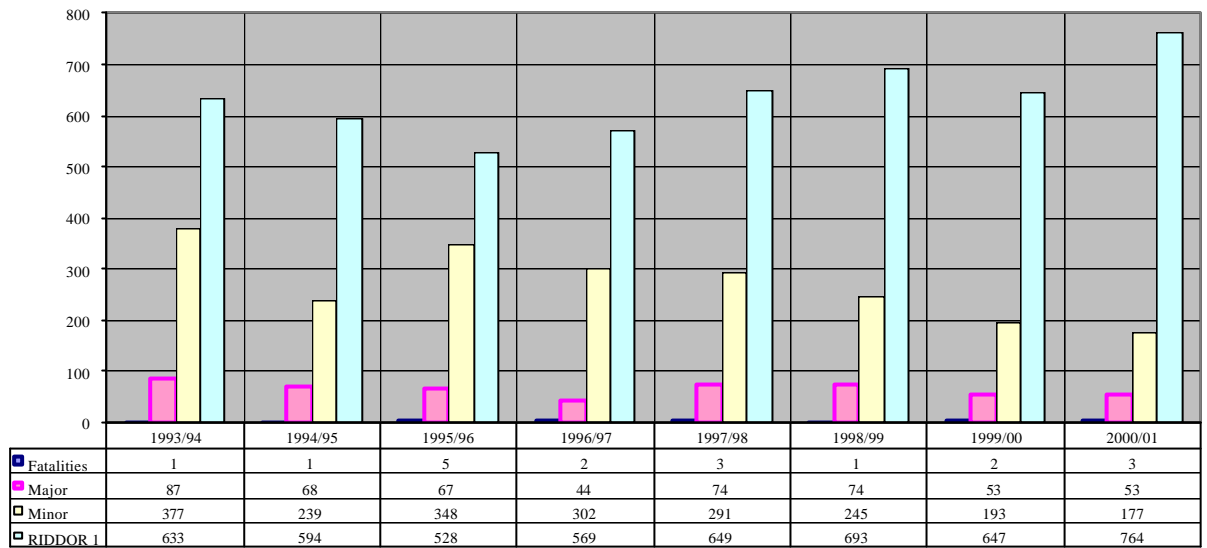
4.5 The graph below illustrates data relating to safety case work



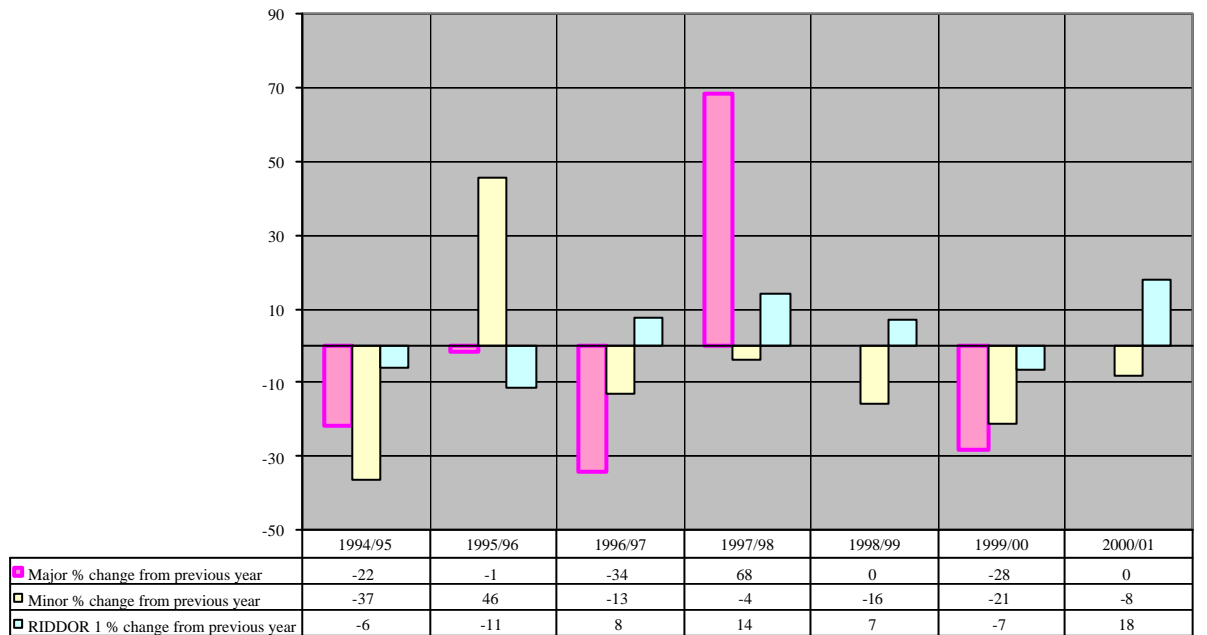
4.6 In general terms the percentage of safety cases accepted has remained constant since charging has been introduced. There are no other obvious trends except a steady increase in the number of safety cases submitted until 1999/2000 (which only includes the first six months of charging), which had a marked decrease in the number of safety cases submitted. HSE senior management believed that this was the result of the three year safety case submission cycle coming to an end in 1998/1999.

## Offshore Accident and Incident Data

4.7 The graph below illustrates offshore accident and incident data.<sup>†</sup>



4.8 The graph below shows the year on year change for each of these categories.<sup>†</sup>

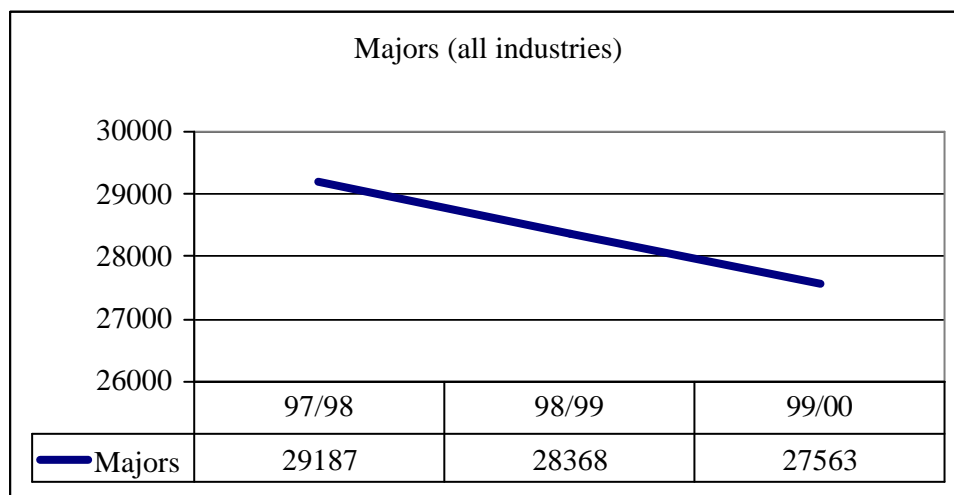
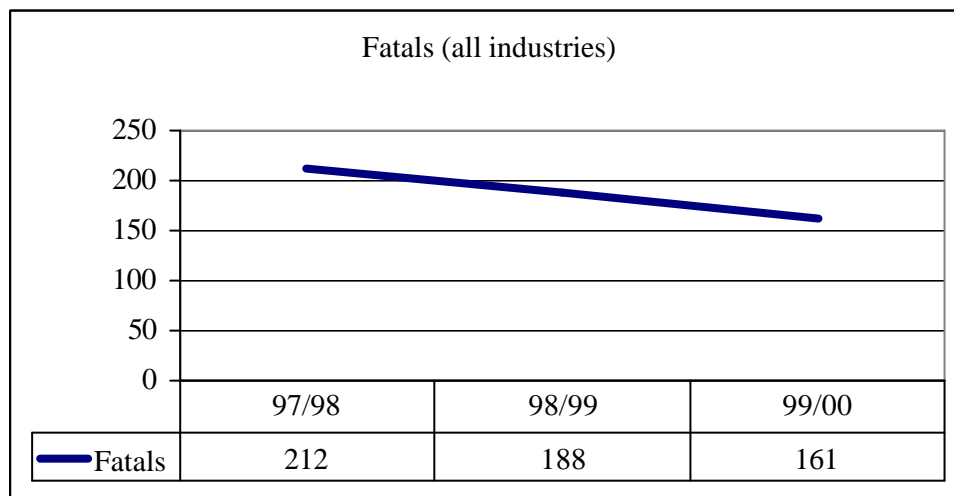


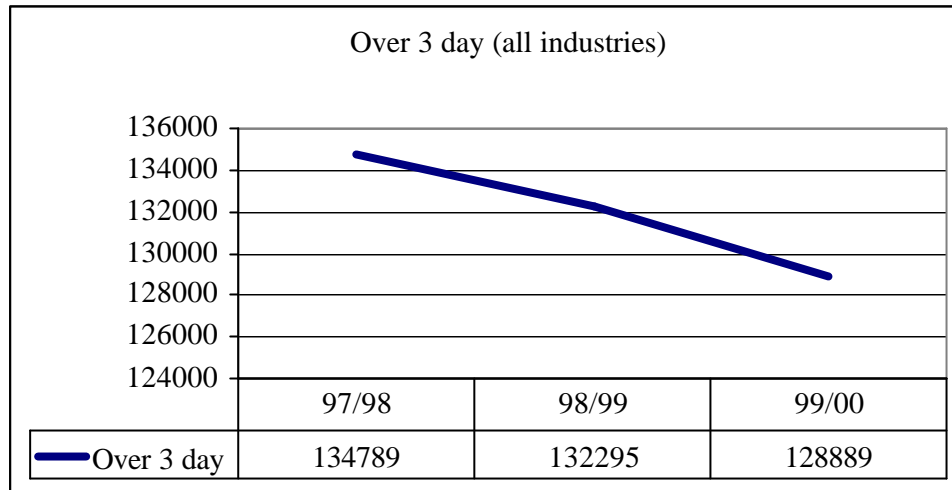
<sup>†</sup> The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR 95) introduced new reporting arrangements on 1 April 1996. However, figures for major and over-3-day injuries prior to 1996/97 are directly comparable with later figures despite changes to definitions introduced by RIDDOR 95. This follows a HSE Offshore Division review of the pre-1996/97 data to reclassify injuries from that period in line with the RIDDOR 95 requirements. Dangerous Occurrences (DOs) are incidents which have a high potential to cause multiple deaths and injuries, and are reportable under RIDDOR 95. The figures include general and specific offshore DOs. Minor injuries (over-3-day injuries) are those that result in the injured person being away from work or unable to do the full range of their normal duties for more than 3 days.

4.9 There is a steady decline in ‘minor’ accidents since 95/96. The number of ‘dangerous occurrences’ has steadily increased from 95/96 to 00/01, with only the period 99/00 experiencing a decline.<sup>†</sup>

**Context**

4.10 It is important to place the above graphs in the context of wider trends in health and safety for similar periods. To this end data was analysed for all areas, not just Offshore for the three years up to and including 1999/2000. Unfortunately no data for 2000/01 for all industries, or any dangerous occurrence data was available at the time of reporting. The three aspects i.e. “Fatals”, “Majors”, and “Over three days” are shown separately because of the differences in scale.





4.11 It is clear that there are strong downward trends in each of the three aspects.

### Conclusions

- 4.12 The decrease in minor injuries evident in the offshore data is reflected in the figures for all industries (including Offshore) despite them being only marginally influenced by the Offshore numbers. It is therefore impossible to relate the improvements in the Offshore site statistics to charging, specifically.
- 4.13 Whilst the other offshore statistics do not necessarily follow the broader trends exhibited by 'all industries data' it is impossible to attempt to link health and safety statistics with the introduction of charging for the reasons given in the introduction to this section. Accordingly, we have not drawn any specific conclusions from the offshore data analysis.

## 5. FINDINGS FROM CONSULTATION

### Introduction

5.1 This Section provides consolidated, summarised and interpreted findings from the Consultation Stage. The methodology we followed, and the limitations of it, are explained in more detail in Section 3. The key parties that have provided these findings are dutyholders, unions and HSE inspectors and staff. A complete set of results from the questionnaire is provided in Appendix 4.

5.2 We have structured this Section to summarise dutyholders and HSE's answers to the following questions specified in our terms of reference:

- what has been the practical effect of charging on industry's health and safety policies, practices and compliance performance?
- what has been the effect of charging on the relationship between HSE as the regulator and industry?
- what has been the effect of charging on the operational behaviour and morale of inspectors?
- what has been the cost to industry and HSE in complying with and administering the new charging arrangements?
- have there been any health and safety benefits resulting from the additional resources charging has generated?
- what has been the effect of charging on the shaping of HSE's strategic goals and policy approach to developing health and safety regulations?
- what has been the effect of charging on HSE's regulatory performance?
- has charging resulted in efficiency improvements in the way HSE carries out its function and has the operation of charging in an open and transparent way resulted in benefits to industry and the regulator?
- what further business improvements could be made to the charging systems?

### **What has been the practical effect of charging on industry's health and safety policies, practices and compliance performance?**

#### *Industry*

5.3 100% of survey respondents indicated that they had made no changes to health and safety policies or practices as a result of charging. This was borne out in discussions with dutyholders and industry associations.

## *HSE*

- 5.4 None of the inspectors spoken to had noticed any change in industry's approach to health and safety policies and practices that could be attributed to the introduction of charging. A number of inspectors noted that the industry was very compliant by nature, and that charging would, in isolation, have very little effect on policies and practices.

## *Union*

- 5.5 No comments or issues raised.

## **What has been the effect of charging on the relationship between HSE and industry?**

### *Industry*

- 5.6 Prior to the introduction of charging, the majority (72%) of survey respondents felt their relationship with HSE was good, and 28% satisfactory. None felt they had a poor relationship. Asked whether the relationship had changed since the introduction of charging, 89% of survey respondents felt that it had not, and 11% that it had. The 11% (2 dutyholders) felt that the relationship had worsened. One of the surveyed dutyholders who felt that the relationship had worsened, gave as reason the fact that the company was less likely to send material to HSE for information purposes, as the perception was that this may result in a charge.
- 5.7 While most dutyholders felt that the relationship had, in general, not been materially affected, a number of respondents noted negative pressures which did not exist prior to charging. One of the most common comments related to the difficulty faced by dutyholders in budgeting. Some dutyholders felt that HSE could do more to assist them in compiling a realistic budget, and that this would go a long way to reducing the negative pressure. Drilling contractors were particularly concerned about the pressures charging places on accurate budgeting, pointing out that, for drilling contractors, the focus on expense control is extreme, and that charging for actual time spent leads to highly unpredictable expenses. Two surveyed dutyholders commented that they now questioned the skills and competencies of inspectors more. These feelings result from dutyholders comparing services provided by HSE with those provided by private consultants. This is undoubtedly a direct result of charging per hour, which results in dutyholders directly comparing skills and 'value added' with the cost of having the inspector on site. The feeling among dutyholders that the charge-out rate is higher than those charged in the private sector exacerbates this.
- 5.8 Adding to the issues described above is the common feeling among dutyholders that the level of detail provided on invoices is poor. 58% of survey respondents felt that the right information was provided at the wrong level (i.e. the invoice provided the right types of information [hours, rates and charges] but not what work was done, and by whom), while one felt that the wrong information was provided. Furthermore, half of the comments relating to factors that would improve the relationship were centred on the poor level of detail of invoices. Two dutyholders mentioned the use of internal OSD codes on invoices and the inability of dutyholders to analyse exactly what had been done, when it was done, and by whom. When this issue was explored in telephone interviews, it was clear that some dutyholders have

very strong feelings, one saying that this level of detail would be completely unacceptable from any "other supplier". Once again, it is clear that charging is leading to direct comparisons between HSE and private consultants, this time on the issue of quality of invoices.

- 5.9 The final aspect of the relationship from a dutyholder perspective which appears to be under pressure as a result of charging is advice seeking. 25% of surveyed dutyholders claim to be more reluctant to seek advice from HSE. Comments from survey respondents relating to negative effects on the relationship bear this out, with four dutyholders indicating that they are less likely to contact HSE of their own volition because of the perception that it may ultimately lead to a charge.
- 5.10 Subsequent discussions with dutyholders highlighted that a particular subset of dutyholders, namely drilling contractors (who only accounted for 11% of respondents), felt the relationship had been negatively affected by charging. In their view, this is most noticeable in terms of communication between dutyholders and inspectors. The industry association representing drilling contractors felt that charging had resulted in a more adversarial relationship, and that the current charging mechanism (actuals) was largely responsible for this. Most other contractor organisations contacted had very few comments to make on charging as it seems that, to date, very few charges are passed onto them by safety case dutyholders, even though they are visited by HSE inspectors.
- 5.11 On the question of benefits resulting from charging, although the majority of respondents (78%) made no comments, one of those who did felt that the quality of service had improved.

#### *HSE*

- 5.12 Very few inspectors have noticed much change in the relationship with dutyholders that can be directly ascribed to the introduction of charging. Those that had noticed changes have the feeling that industry is less likely to contact them under the charging regime. They thought that some dutyholders were not as forthcoming with information as before, and would no longer contact HSE to inform them of general matters that may be of interest. They did qualify these comments by observing that there have been a number of industry changes during the time charging has been operating not related to charging, which may have also have had a negative effect on the relationship.
- 5.13 Inspectors were empathetic towards industry on the budgeting issue. A number of inspectors commented on the importance of budgeting to the offshore industry, and that HSE could do more to assist in this regard, should actuals continue to be the charging mechanism of choice.
- 5.14 A number of inspectors noted that the interaction with dutyholders seems sharper and more focused on business issues under charging. There appears to be less time for general discussions, which some inspectors think is damaging to their relationship with industry. These inspectors believe that a good relationship is a more efficient way to achieve compliance than pure enforcement, and that this relationship is, to some degree, compromised by charging. They pointed to their statutory duty to disseminate good practice as being a specific area which requires a good, and to

some degree less formal, relationship. There was again the feeling that this shift is only partly as a result of charging, and that the move by government to measure HSE success on outputs (which include enforcement notices) was also a contributing factor.

- 5.15 Some inspectors believed that the oil price could have a material effect on the way dutyholders respond to charging, particularly smaller dutyholders. A depressed oil price could be expected to negatively affect relations with low margin dutyholders.

#### *Union*

- 5.16 No comments or issues raised.

### **Effect of charging on operational behaviour and morale of inspectors**

#### *Industry*

- 5.17 The vast majority (94%) of surveyed dutyholders felt that there had been no change in operational behaviour of inspectors. One dutyholder said that better operational behaviour had been observed, but added that the change may be as a result of HSE policy and not solely charging.
- 5.18 One industry association felt that charging had led to a less collaborative approach by inspectors. This was most noticeable in the pre-submission phase, where the association felt there was now less advice and consultation between HSE and dutyholders. The point was made that it was at this stage of the regulation process where the biggest difference to health and safety could be made, and not after submission in the enforcement stage.
- 5.19 No comments were made nor issues raised with respect to inspector morale.

#### *HSE*

- 5.20 Inspectors thought that the dutyholder-facing element of operational behaviour had not been affected by charging. Although frequent criticisms were made regarding ORION, the time recording and billing system, the point was made that this system predates charging, and would continue to be used (albeit to a lesser extent) even if charging for actuals was abandoned.
- 5.21 Some inspectors noted a desire to keep direct charges to dutyholders as low as possible. One inspector summarised this by saying that it was better to undercharge and explain to HSE, than to overcharge and have to explain to the dutyholder. HSE senior management pointed out that the proportion of non-directly chargeable time reflected as overheads in the rate breakdown leads to the perception that efficiency is lower than it actually is.
- 5.22 One inspector alluded to the feeling that operating under a charging regime is leading to a mode of management within HSE focused on financial performance instead of regulatory performance. This inspector thought that the result is a drive to reduce costs wherever possible, which in turn is leading to recruiting lower calibre staff because of the cost benefit. This was cited as another cause of low morale and stress.

5.23 The final point on operational behaviour and morale relates to intra-HSE relationships. Some specialist inspectors noted that since charging was introduced it is harder for them to get work from IMTs. The perceived reason for this relates to the IMTs desire to keep overall charges to their dutyholders at a minimum. IMTs are extremely conscious of bringing specialist inspectors to meetings unless absolutely necessary, because they do not wish to be seen by the dutyholder as trying to increase charges by "finding work for idle hands". While specialist inspectors agree with this approach in principle, they note that there is a danger of it being taken too far, resulting in less specialist input than is actually required. Geographical dispersion is clearly another factor, with specialist teams often being located in different cities to IMTs. Those specialists based together with IMTs noted it was far simpler for them to contribute because they were able to build relationships with the teams far more effectively than remotely located specialists.

#### *Union*

5.24 No comments or issues raised.

### **Cost to industry and HSE incurred in complying with and administering the new charging arrangements**

#### *Industry*

5.25 50% of survey respondents incurred no additional (indirect) costs as a result of charging, and 50% did. The additional costs for those that did included the need to set up new account codes, more time spent on budgeting, and administering the payment of invoices. 60% of those who incurred additional costs claimed start up costs of less than £3,000, and annual running costs of the same. One dutyholder (20% of those who incurred additional costs) said that they had incurred costs (start up and annual running) of £20,000.

#### *HSE*

5.26 The largest cost from inspector's point of view is in the time spent recording time on ORION. In total, inspectors claim to spend approximately 3 to 4 hours on ORION per week, of which approximately 2 hours relates specifically to charging. This equates to approximately 5% of inspector time. HSE senior staff thought that the charging-specific figure was incorrect and only marginal increases in time could be attributed to charging

#### *Union*

5.27 No comments or issues raised.

### **Health and safety benefits resulting from the additional resources charging has generated**

5.28 HSE has provided us with a statement about the health and safety benefits that it believes have resulted from the additional resources that charging has generated. This is shown in italics below.

## HSE statement

5.29 The extension of charging was an issue in the 1998 Comprehensive Spending Review (CSR). In December 1998, the Government announced that the Health and Safety Commission/Executive's budget was to be increased over the three years 1999/2000 - 2001/02 by £63m. Of this, £43m was to be raised from the extension of charging to cover HSE's activities on COMAH, and in the railways, offshore and gas transportation sector. The extra resources were built on a budget which had been declining in real terms in previous years.

### Income from Charging

5.30 The position on income for the two full financial years since the introduction of the charging schemes is as follows:

CHARGING SCHEME	FORECAST RECEIPTS (CSR SETTLEMENT) £000s	ACTUAL INCOME £000s
1999/2000		
Railways		3,345
COMAH, Gas Transportation and Offshore		5,039
Total	8,570	8,384
2000/01		
Railways		5,024
COMAH, Gas Transportation and Offshore		9,019
Total	15,700	14,043

### Benefits from increased funding

5.31 The extra resources granted to HSC/E were focused on the following areas:

- to deal with the implementation of the COMAH regime. The COMAH regime came into effect in April 1999. HSE was expecting to deal with 130 safety cases in 1999/2000 with the introduction of COMAH, rising to 255 in 2001/02;
- to strengthen HSE's Railway Inspectorate to deal with new projects (for example London Underground), and the immediate follow up to the recent Ladbroke Grove crash;
- to strengthen HSE's operational capacity generally, to increase the number of regulatory contacts and, in particular, the number of investigations.

5.32 The individual reports comment on health and safety performance in the relevant sectors. The short timescales since the introduction of charging make it very difficult to draw any clear conclusions on whether there has been a direct impact. A similar cautious view needs to be taken on the resource injection, particularly given the fact that health and safety performance is influenced by many variables, of which regulator's activity is only one.

5.33 Overall, the CSR resource settlement enabled HSC/E to start to rebuild its operational capacity. Although it is impossible to say what would have happened if the extra resources had not been granted:

- the demands on COMAH and railways were non-discretionary. The work would have had to be done, and can only have been funded otherwise by transfer from, thereby leading to greater reductions in, HSE's general operational capacity;
- significant political and public momentum had developed behind HSE undertaking more investigations and enforcement. HSE would not have been in a position to respond to this without extra resources.

### **Effect of charging on HSE's strategic goals and policy approach**

#### *HSE*

- 5.34 Senior staff within HSE believe strongly that, to date, charging has in no way affected its approach to strategy and policy formulation. Programs to improve health and safety are developed independently of charging, and based on an objective assessment of trends and regulatory tools available to HSE. Senior staff did note that industry may interpret policy as being driven by charging, especially where there is a move to more front-line inspection, but were adamant that this would not be driven by a need to generate funds.
- 5.35 Since the charge-out rate is influenced by the amount of time spent on front-line inspection, any policy decision that reduces front line inspection will lead to a relatively higher charge-out rate. As a result dutyholders, taking changes in charge-out rates as an indicator of efficiency, may perceive this increase as a reduction in overall efficiency, even though the policy may be leading to better health and safety outputs. The potential conflict that arises in terms of standards setting versus front-line inspection is that in order to justify more back-office time, more research is required to track benefits, research which is itself a back-office function. The net result of this, as pointed out by a senior staff member, may be that HSE feels more constrained in its policy approach under charging than it was before.

### **Effect of charging on HSE's regulatory performance**

- 5.36 We have been unable to reach any conclusions from the statistical analysis of the HSE activity outputs and health and safety outcomes (Section 4).

#### *Industry*

- 5.37 Not being fully acquainted with the statistics, most industry members consulted did not have a view on whether or not regulatory performance had been affected by the introduction of charging. There was, however, a strong feeling from some dutyholders, most notably drilling contractors, that the negative pressures on the relationship (see 5.6 to 5.9) have created an environment in which effective regulation is significantly more difficult to achieve.

#### *HSE*

- 5.38 No-one consulted within HSE believed that there had been any effect on regulatory performance.

### *Union*

5.39 No specific comments or issues.

### **Has charging led to efficiency improvements for HSE and has greater transparency resulted in benefits to industry and the regulator?**

#### *Industry*

- 5.40 On the broad question of whether or not charging had improved efficiency in any way, 88% of survey respondents felt that there had been no change, while 12% felt that efficiency had been reduced. None thought there had been any increase in efficiency. One of those who indicated that efficiency had reduced noted that this feeling might be as a result of a perceived lack of resources in HSE, especially of high quality inspectors. One of the respondents who thought that efficiency had not changed noted that since the relationship was regulatory and not contractual, charging was unlikely to cause any changes.
- 5.41 On the issue of whether or not charging raised the awareness of dutyholders as to what inspectors do, 81% of those who answered felt it did not, and 19% that it did. None of those who thought it did felt it had helped them in any way.
- 5.42 On the issue of whether there was any way inspectors might work more efficiently, five respondents (28%) felt there was.
- 5.43 Two of these responses (11%) alluded to HSE estimating costs and publishing year plans, to assist industry with budgeting.

#### *HSE*

- 5.44 Almost all inspectors consulted believed there had been no change in operational efficiency that had been directly driven by charging. The observation was made that charging would never be a mechanism to improve efficiency, because there was no incentive to alter processes.

### *Union*

5.45 No specific comments or issues.

### **Suggested improvements to the charging system**

*It should be noted that the suggestions listed in this Section are those arising from the Consultation Stage and are not the recommendations of Deloitte & Touche.*

#### *Industry*

- 5.46 Survey respondents are evenly split on the question as to whether or not they are broadly content with the current actuals system of charging. 50% of those responding to the question were, and 50% were not. On the question of alternative schemes, 57% of those who were not satisfied with the actuals system preferred banded charges, 29% a flat rate, and 14% a levy.

- 5.47 In terms of specific views from some parts of the industry, drilling contractors felt strongly that, should charging continue, the current actuals system be replaced by a flat rate arrangement. They felt this would lead to a much improved relationship between inspectors and dutyholders, improve budgeting accuracy, and in general benefit health and safety far more than time-based billing.
- 5.48 Suggestions from survey respondents for improvements to the charging scheme revolved around three broad themes: invoices, budgeting, and alternative mechanisms.
- On the subject of invoices, dutyholders are very keen that more detail be provided to them to allow better understanding of the nature of work actually carried out by inspectors.
  - In terms of budgeting, the suggestion was made that HSE produce, and make available to dutyholders, a yearly anticipated budget with respect to planned inspections and safety case assessment fees.
  - Two dutyholders suggested a blended charging scheme, with elements of both actuals (for incidents) and flat rates (for safety case assessment and inspection).
- 5.49 Asked about whether improvements could be made to the charging guides, 54% of respondents to the question felt there could, and 46% felt there could not. Two respondents felt that the guides could be made easier to understand and more user-friendly in terms of length. Three respondents thought the guides could be made more user-friendly in terms of format or layout.
- 5.50 On the question of improvements to the queries and disputes procedure, one respondent felt it could be improved by allowing the company to deal directly with the inspector involved, instead of working through the "accounts team", as is currently the case.

## *HSE*

- 5.51 The majority of inspectors consulted were in favour of a fixed fee charging scheme, or a blended scheme similar to that described in paragraph 5.48 above. A number pointed out that HSE had enough historical data to implement such a system without the risk of under-recovery. They thought that a fixed fee would relieve some of the negative pressures that currently affect their relationship with dutyholders, and that information flow prior to and during safety case assessment would be much improved. They thought that industry would find this system more acceptable, as budgeting would be much easier and more accurate than it is with the current system, and that the efficiency of HSE would improve, with less need for administration and therefore lower costs to industry.
- 5.52 The other common suggestion for improvement from inspectors relates to the ORION system, which, as was pointed out earlier is not used exclusively for charging. This corroborates the findings in our separate report: Review of the Efficiency of Administrative Processes.

*Union*

5.53 No specific comments or issues.

## **APPENDIX 1: GLOSSARY OF TERMS**

BROA	British Rig Owners Association
COMAH	Control of Major Accident Hazards
IADC	International Association of Drilling Contractors
IMCA	International Marine Contractors Association
IMT	Inspection Management Team
OCA	Offshore Contractors Association
OD	Offshore Division (HSE - new acronym)
OIM	Offshore Installation Manager
ORION	Offshore Division's information capturing system
OSD	Offshore Division (HSE - old acronym)
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995
UKOOA	United Kingdom Offshore Operators Association
WSCA	Well Servicing Contractors Association

## APPENDIX 2: INTERVIEWEES

Dutyholder telephone interviews	Agip Marathon Oil PGS Production
Interviews with dutyholder representative groups	Paul Holman - BROA Bob Kyle - UKOOA
Interviews with contractor representative groups	Iain Bell - OCA Jane Bugler - IMCA Dennis Krahn and Bob Mankan - IADC Chris Strang - WSCA
Union and safety representative consultation	Ronnie Cunningham - Inter Union Offshore Committee Alan Thompson - Safety Representative Network
HSE inspector interviews	Dave Calder Gordon Clark Margaret Copland Neil Dunford Bernard Emery Steve England Trevor Gregg Peter Griffiths Wayne Jones Peter Lee Peter Mills Frank Murray Steve Murray Simon Norton Dick Parry Phil Parry Bryan Poole Dave Scott Mike Sisley
HSE senior staff interviews	Paul Davies - Head of Hazardous Installations Directorate and Chief Scientist Taf Powell - Head of Offshore Division

### APPENDIX 3: PRODUCT DESCRIPTION FROM THE PROGRAMME PROJECT INITIATION DOCUMENT

The agreed description of this product – as set out in the Programme Project Initiation Document of 20 July, 2001 - is included below:

Product	Final Report on Offshore
Purpose	To bring together our evidenced findings on the efficiency and effectiveness of the Offshore charging scheme and recommendations for improving this.
Composition	Concise, Paragraph numbered, MS Word document including: <ul style="list-style-type: none"> <li>• detailed executive summary that can stand alone as a document and includes a brief introduction and description of approach plus key findings and key recommendations;</li> <li>• Section on findings from the work on data analysis, and including recommendations to achieve greater efficiency and transparency;</li> <li>• Section on the findings of the consultation work, and a summary of the views and issues raised by each group of key stakeholders;</li> <li>• Section on our findings from our review of the efficiency of the charging process;</li> <li>• Section on our findings from our benchmarking review of the reasonableness of charges;</li> <li>• Section on our findings from our the review of the Queries and Disputes Procedure;</li> <li>• Appendices containing all detailed recommendations (and indications of their level of priority and timescale), suggestions of further work, details of interviewees and participants at workshops and other events.</li> </ul>
Derivation	Stage 1 & 2 work.
Allocated to:	Core Team and Chris Sullivan
Quality Criteria	<ul style="list-style-type: none"> <li>• comprehensive capture of work from the whole review;</li> <li>• adequate presentation of findings.</li> </ul>
Quality Review Responsibility	HSE Project Manager
Sign off	HSE Project Board Chairman

As explained in Section 2 we have reduced the scope of this Final Report on Offshore and are providing findings of other strands of work separately.

## APPENDIX 4: DETAILED SURVEY RESULTS

### A. Background Information

	Total No.	Total %				
3 We are capturing views from an operational and corporate perspective, and have asked that both OIMs and corporate Safety Managers complete questionnaires. Please select from below in which capacity you are completing this questionnaire.						
a Corporate Safety Manager	14	78%				
b OIM	4	22%				
<i>Total responses</i>	18	100%				

4 Number of employees in organisation (please classify each part-time worker as one employee)						
a 0-49	0	-				
b 50-249	6	33%				
c over 250	12	67%				
<i>Total responses</i>	18	100%				

5 What type of installation below best describes the one you operate?						
a Production platform	15	83%				
b Mobile offshore drilling unit	2	11%				
c Floating production storage off-take	1	6%				
<i>Total responses</i>	18	100%				

If you are an OIM are you on a rig managed by:

a Your company	4	25%				
b A contracted firm	0	-				
c Not an OIM	12	75%				
<i>Total responses</i>	16	100%				

6 How many separate visits from inspectors relating to enforcement of Offshore Regulations have you had over the last two years?						
a 0-5	10	55%				
b 6-10	3	17%				
c 11-20	2	11%				
d More than 20	3	17%				
<i>Total responses</i>	18	100%				

### B. This Section explores the effect of the introduction of charging on your relationship with the Offshore Regulator

7 Before the introduction of charging, would you describe your relationship with HSE as:						
a Good	13	72%				
b Satisfactory	5	28%				
c Poor	-	-				
<i>Total responses</i>	18	100%				

8 On balance, has your relationship with HSE changed since the introduction of charging?

a Yes	2	11%				
b No	16	89%				
<i>Total responses</i>		18	100%			

9 If yes, how has the relationship changed?

a Got much better	-					
b Got better	-					
c Got worse	2	100%				
d Got much worse	-					
<i>Total responses</i>		2	100%			

10 If you have answered that it has **got worse** can you say how this has been shown and what have been the causes?

Responses:						
<ul style="list-style-type: none"> <li>Breakdown in day to day communication. Team spirit eroded by 'Cost implications'.</li> <li>Not as likely to send material to HSE for information purposes as the Company will be charged for review.</li> </ul>						

11 Please list up to **three negative effects** of charging on your relationship with HSE?

Responses:						
<ul style="list-style-type: none"> <li>We have no control of the costs / time / resources we are charged for by the HSE.</li> <li>Accurate budgeting is difficult.</li> <li>It has created conflict regarding the lack of transparency in the billing process. The charging regime is perceived as a blank cheque to the HSE.</li> <li>With respect to resource (persons) HSE use it is questionable whether they are as good / efficient as that available in the private sector, free to choose there would be a "better bang for the buck" elsewhere.</li> <li>Increased questioning of the competency of the inspectors do not get what we are paying for. At those fees would expect to get the expert in the field if you were employing them. The quality of the inspectors does not match the rate.</li> <li>The distinction between the regulatory role of HSE inspectors and that of contracted safety consultancies is less clear. Company staff can tend to believe that charging should enable the scope of inspections to be influenced.</li> <li>Uncomfortable that 'informal' meetings have a cost factor.</li> <li>If meetings can be deferred to a later date then they are.</li> <li>Inhibiting ad hoc contacts</li> <li>It has led to us questioning the need for HSE investigations and inspections.</li> <li>Belief that some thorny issues that were closed out prior to charging have been reintroduced and this time you are paying to go over old arguments.</li> <li>Rig Management pre occupied with cost implications during inspections.</li> <li>Not as likely to pick up the phone to gain advice.</li> <li>We are now less keen to ask for advice as we might be charged for it.</li> <li>Less likely to go to them and ask their opinion about something.</li> <li>The charging scheme is seen purely as an additional cost imposed on the operation, with no benefit to safety. It can raise questions over the basis for deciding the number of inspections.</li> <li>The interaction with HSE now involves company safety and support staff in additional non-productive work on budgeting, cost tracking and invoice checking</li> <li>A minor point. You are made more aware of the number of people who attend meetings and participate in offshore inspections and the duration of the meeting/inspection, when you have to pay for their time.</li> </ul>						

12 Please list up to **three positive effects** of charging on your relationship with HSE?

Responses:						
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<ul style="list-style-type: none"> <li>• Has made it easier to refer them back to earlier correspondence rather than going over old ground as can reference the fact that you are not happy to pay twice for the same thing.</li> <li>• Better quality on the services.</li> <li>• Difficult to think of any positive effects at a working level. From a taxpayer perspective at least the user pays.</li> <li>• None (14).</li> </ul>						

13 Assuming that charging continues, are there any changes which would improve your relationship with HSE?

<p>Responses, including:</p> <ul style="list-style-type: none"> <li>• To be afforded some control over the resource the HSE use, better accountability - we are paying for a service.</li> <li>• Accuracy of billing - possibly links with Accenture and the way I receive the HSE invoice. Sent to BP Exploration presently rather than BU. Realisation by specialist assessors that operators expect value for money.</li> <li>• Invoices to give names of inspectors incurring charges rather than the inspection team identifier.</li> <li>• Make the billing process more transparent. We want to know exactly what the charges relate to.</li> <li>• Very clear definition of what you are and what you are not going to be billed for. Also rather than putting internal OSD codes for who has billed time would be clearer if it was listed as process, structural or similar so that it was clear where the bulk of the time was.</li> <li>• It would benefit our budget process if HSE could indicate the cost of having a rig Safety Case accepted before we submit/resubmit it for acceptance. Today we have no idea of the final cost when we submit a Safety Case for acceptance. A yearly estimate of HSE's inspection costs per rig/company would also be good for our budget..</li> <li>• I should like to see better identification to what work exactly has been carried out..</li> <li>• Abolish hourly charging for 'routine' business ie Safety Case Assessment and annual inspections of a routine nature.</li> <li>• We are financially penalised by our HSE Inspector being based in London. Inspection time is calculated 'door-to-door' and can easily add £2,000 to charges . Charges should originate from Aberdeen O.S.D.(For Northern Operations)</li> </ul>						

14 Any other comments?

<p>4 additional comments made, including:</p> <ul style="list-style-type: none"> <li>• Money would be better invested in alternative health and safety improvements.</li> </ul>						

**C. This Section explores the effect of the introduction of charging on the operational behaviour of inspectors**

15 Have you noticed changes in the operational behaviour of inspectors since charging was introduced?

a No	16	94%				
b Yes, there have been <b>changes</b>	1	6%				
c Yes, there have been <b>extensive changes</b>	-	-				
<i>Total responses</i>	17	100%				

16 Has the result of these changes on operational behaviour overall been:

a <b>better</b> operational behaviour?	1	25%				
b <b>no change</b> on operational behaviour?	3	75%				
c <b>worse</b> operational behaviour?	-	-				
<i>Total responses</i>	4	100%				

17 Please describe the main changes you have observed:

<p>1 response:</p> <ul style="list-style-type: none"> <li>• There appears to be far more interest in the platform and specific Operations, it is not clear if this relates to the charging process or the published commitment to increase HSE presence and Operational Safety.</li> </ul>						

18 Any other comments?

• None							
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**D. This Section explores the effect of the introduction of charging on your health & safety, and environmental policies and practices.**

19 Have you changed your **health and safety policies / environmental policies** as a result of the introduction of charging? (Charging was introduced from October 1999).

a No, there was no need	16	100%					
b No, other reason	-	-					
c Yes, they have <b>changed</b>	-	-					
d Yes, they have <b>changed substantially</b>	-	-					
<i>Total responses</i>	16	100%					

Scope of change

a Our health and safety policies now <b>include additional areas</b> that were previously excluded	-						
b Our health and safety policies <b>cover the same areas</b> as before	2						
c Our health and safety policies now <b>exclude areas</b> that were previously covered	-						
<i>Total responses</i>	2						

Monitoring

a Our health and safety policies are reviewed <b>more often</b>	-						
b Our health and safety policies are reviewed <b>as much as before</b>	2						
c Our health and safety policies are reviewed <b>less often</b>	-						
<i>Total responses</i>	2						

Expertise

a We require <b>more</b> technical skill/expert knowledge to draft and review our health and safety policies	-						
b We require <b>the same level</b> of technical skill/expert knowledge to draft and review our health and safety policies	1						
c We require <b>less</b> technical skill/expert knowledge to draft and review our health and safety policies	-						
<i>Total responses</i>	1						

Quality

a This has resulted in an <b>improvement</b> of the quality of health and safety policies	-						
b This has had <b>no impact</b> on the quality of health and safety policies	1						
c This has resulted in a <b>deterioration</b> of the quality of health and safety policies	-						
<i>Total responses</i>	1						

20 Any other comments?

• Our health & safety policies are driven by the need to satisfy ourselves rather than driven purely by regulatory requirements.							
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21 Have you changed your **health and safety practices / environmental practices** as a result of the introduction of charging?

a No, there was no need	16	100%					
b No, other reason	-	-					
c Yes, they have changed	-	-					
d Yes, they have changed substantially	-	-					
<i>Total responses</i>	16	100%					

Scope of change

a Our health and safety practices <b>include additional areas</b> that were previously excluded	-						
-------------------------------------------------------------------------------------------------	---	--	--	--	--	--	--

b	Our health and safety practices <b>cover the same areas</b> as before	2					
c	Our health and safety practices <b>exclude areas</b> that were previously covered	-					
<i>Total responses</i>		2					

Monitoring

a	We spend <b>more time</b> monitoring our health and safety practices	-					
b	We spend the <b>same</b> amount of time monitoring our health and safety practices	2					
c	We spend <b>less time</b> monitoring our health and safety practices	-					
<i>Total responses</i>		2					

Expertise

a	We require <b>more technical skills/ expert knowledge</b> to ensure that our health and safety practices are adhered to	-					
b	We require the <b>same level of technical skills/ expert knowledge</b> to ensure that our health and safety practices are adhered to	2					
c	We require <b>less technical skills/expert knowledge</b> to ensure that our health and safety practices are adhered to	-					
<i>Total responses</i>		2					

Training

a	We require <b>more</b> training to ensure that our health and safety practices are adhered to	-					
b	We require the <b>same level</b> of training to ensure that our health and safety practices are adhered to	1					
c	We require <b>less</b> training to ensure that our health and safety practices are adhered to	-					
<i>Total responses</i>		1					

Quality

a	This has resulted in an <b>improvement</b> in the quality of health and safety practices	-					
b	This has had <b>no impact</b> on the quality of health and safety practices	1					
c	This has resulted in a <b>deterioration</b> in the quality of health and safety practices	-					
<i>Total responses</i>		1					

22 Any other comments?

•	Our H&S practices are not driven solely by regulation rather by our own company expectations.						
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**E. Change in Advice Seeking and Business Practices**

23 Frequency of advice seeking

a	We now seek <b>more</b> advice from HSE	-					
b	We seek the <b>same</b> amount of advice from HSE	12	75%				
c	We are <b>more reluctant</b> to seek advice from HSE	4	25%				
<i>Total responses</i>		16	100%				

24 Value placed on advice received

a	We place <b>greater</b> value on the advice we receive from HSE	1	6%				
b	We place the <b>same</b> value on the advice we receive from HSE	15	94%				
c	We place <b>less</b> value on the advice we receive from HSE	-	-				
<i>Total responses</i>		16	100%				

25 Has your use of Contractors changed due to the introduction of charging?

a	No, we do not use contractors	1	6%				
b	No, there is no need	15	94%				

c	Yes	-	-						
		<i>Total responses</i>		16	100%				

Examples of Change

We use contractors more for the same services

Yes	-								
No	-								

We use contractors for a greater range of activities

Yes	-								
No	-								

We use contractors less for the same activities

Yes	-								
No	-								

We use contractors for a smaller range of activities

Yes	-								
No	-								

If your use of contractors has changed, please explain why:

n/a									
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26 Has the way you interact with contractors changed since the introduction of charging?

a	Yes	-							
b	No	5							
		<i>Total responses</i>		5					

If your manner of interaction has changed, please explain how and why

n/a									
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27 Have you changed any **other business practices** as a result of the introduction of charging?

a	No, there was no need	15							
b	No, other reason	1							
c	Yes, they have changed	-							
b	Yes they have changed substantially	-							

Our business now discourages innovative practice which might incur additional time and therefore cost

Yes	-								
No	-								

Our business now does the minimum necessary

Yes	-								
No	-								

Our business now takes more care to ensure we get things right first time

Yes	-								
No	-								

28 Any other comments?

n/a									
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**F. This Section explores whether there are any additional costs to industry of making payments under the charging provision of the Offshore Regulations**

29 Have you needed to introduce additional administrative arrangements to allow you to make the payments under the charging provisions of the Offshore Regulations (regulation 20)? For example: new accounting/information management systems; additional staff. (Please do not include additional costs of complying with the substantive provisions for the regulations).

a	No, there was no need	7	50%				
b	No, other reason	-					
c	Yes, please provide a description of additional arrangements introduced	7	50%				
<i>Total responses</i>		14	100%				

Responses:							
<ul style="list-style-type: none"> <li>• Needed to establish new account codes, review / invoice approval and accounting arrangements.</li> <li>• More effort and cost now required within Business Unit and Accenture to budget for and track costs against HSE Invoices.</li> <li>• Need to estimate additional HSE related cost separately in the yearly budget for our rigs operating in UK sector.</li> <li>• Budget, accounting.</li> <li>• We have had to instigate an administration system to receive and process invoices, check the accuracy of invoices, pay the bills in a timely manner and monitor the overall HSE costs to the company (in the order of £1 million per year).</li> <li>• Small increase in time (labour costs) due to the need to raise an internal order with the HSE and to check/process invoices.</li> <li>• Requirement for the Safety Dept. to prepare an annual budget, track cost trends and check invoices through the year. Existing systems are used for the accountancy aspects.</li> </ul>							

30 Please estimate the additional startup costs of these new arrangements (£)

£0-£2,999	3	60%				
£3,000-£10,000	1	20%				
£10,000-£20,000	1	20%				
<i>Total responses</i>		5	100%			

31 Please estimate the annual running costs of these new arrangements (£)

£0-£2,999	3	60%				
£3,000-£10,000	1	20%				
£10,000-£30000	1	20%				
<i>Total responses</i>		5	100%			

32 Are these arrangements effective in enabling you to make payment under the charging provisions in the Offshore regulations?

a	Yes	6	86%			
b	Variable success	1	14%			
c	No	-				
<i>Total responses</i>		7	100%			

33 With the benefit of hindsight, would you do anything differently?

Yes	1				
No	7				
Please explain answer:					

Responses, including:						
<ul style="list-style-type: none"> <li>We do the bare minimum for the regulator. The systems we have established are minimal in this respect. We would never use them in a consultative capacity. As stated above- free to choose our money would be better spent elsewhere...</li> <li>There is a need to sort the processes used by BP / Accenture / HSE Invoicing section to make cost tracking and payment more efficient.</li> <li>No, as the arrangements are an integral part of existing budgeting and accounting arrangements.</li> </ul>						

34 Any other comments?

n/a						

**G. This Section explores the effect that the introduction of charging has had on the efficiency of HSE in carrying out its functions and whether this has resulted in benefits to industry**

35 Have you noticed any changes in the **amount of information and advice** which you have been given by HSE since charging was introduced?

a No, it has remained <b>the same</b>	15	94%				
b Yes, I have noticed a <b>substantial increase</b> in the amount of information we receive	-	-				
c Yes, I have noticed an <b>increase</b> in the amount of information we receive	-	-				
d Yes, I have noticed a <b>decrease</b> in the amount of information we receive	1	6%				
e Yes, I have noticed a <b>substantial decrease</b> in the amount of information we receive	-	-				
<i>Total responses</i>	16	100%				

36 Have you seen any changes in the **quality of information** (not related to invoices) which you have been given by HSE since charging was introduced?

a No, it has remained the <b>same</b>	15	94%				
b Yes, I have noticed a <b>substantial improvement</b> in the quality of information we receive	-	-				
c Yes, I have noticed an <b>improvement</b> in the quality of information we receive	-	-				
d Yes, I have noticed a <b>decline</b> in the quality of information we receive	1	6%				
e Yes, I have noticed a <b>substantial decline</b> in the quality of information we receive	-	-				
<i>Total responses</i>	16	100%				

37 What is your experience of the quality of the latest invoices issued by HSE?

a The right information at the right level of detail is provided	4	33%				
b The right information is provided by at the wrong level of detail	7	58%				
c The wrong information is provided	1	1%				
<i>Total responses</i>	12	100%				

38 Since the introduction of charging, do you think that HSE is more or less efficient?

a Substantially more efficient	-	-				
b More efficient	-	-				
c No change	14	88%				
d Less efficient	2	12%				
e Substantially less efficient	-	-				
<i>Total responses</i>	16	100%				

Please explain your answer

<p>Responses, including:</p> <ul style="list-style-type: none"> <li>• Invoices are sent to BP / Accenture centrally - need to look at this process across BP / Accenture / HSE for improvements.</li> <li>• I believe that the HSE are slightly less efficient currently than they have been but this is more likely due to the lack of inspectors, especially high quality inspectors rather than anything to do with charging.</li> <li>• Work processes do not seem to have changed. The only difference is that now they charge us for the hours spent.</li> <li>• The efficiency is as questionable as it always was. Now we pay directly. There is no change in accountability, so no change in efficiency.</li> <li>• The level of detail provided is insufficient for us to challenge costs as they cannot be related to specific events and meetings and the number of people involved. However any more detail would be difficult for processing invoices and we can check the invoices are about right. On balance, we have to trust the HSE.</li> <li>• The invoices are totally inadequate for our purposes. They do not allow us to identify who was doing what for how long. We would certainly not accept a similar invoice from any other contractor or persons we were paying on an hourly rate.</li> <li>• We have a high number of HSE inspections each year and work regularly with particular HSE staff. The HSE staff we deal with have always been efficient and this has not changed either way with charging. Because is a regulatory rather than contractual relationship, it is difficult to see how charging would cause changes.</li> </ul>						
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39 Has charging raised your awareness of what HSE inspectors do?

Yes	3	19%				
No	13	81%				
<i>Total responses</i>	16	100%				

If yes, has this been beneficial for you?

Yes	-					
No	3	100%				
<i>Total responses</i>	3	100%				

40 Are there any ways in which inspectors could work more efficiently?

Yes	5	100%				
No	-					
<i>Total responses</i>	5	100%				

If yes, please describe below.

<p>Responses, including:</p> <ul style="list-style-type: none"> <li>• If the HSE inspectors were obliged to estimate costs. Perhaps some control over the resource the HSE use (possibly vetting of CVs by the operators) to ensure the most competent resource is used.</li> <li>• Apply the same standards to ALL platforms. It appears that the older 'problem' installations receive less visits and are given more latitude in application of legislative standards.</li> <li>• More selective targeting of resources. More proportionate response to issues.</li> <li>• There is always room for improvement inspectors should publish their year plan of visits.</li> </ul>						
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**H. This Section explores your experience of the Offshore charging scheme and how you think it could be improved**

41 Are you broadly content with the existing actuals system of charging?

Yes	7	50%				
No	7	50%				
<i>Total responses</i>	14	100%				

If no, what alternative scheme would you most wish to see?

a	Flat rate charge	2	29%				
b	Banded charges	4	57%				
c	Levy	1	14%				
d	Other (please describe)	-	-				
<i>Total responses</i>		7	100%				

Please describe up to **three improvements** you would make to the existing scheme?

Answers included:							
<ul style="list-style-type: none"> <li>An annual charge, based on some form of banding may remove some of the additional administrative burden on both the HSE and ourselves. This would define their operational budgets.</li> <li>For the submission of combined operations safety cases which are substantially the same there should be a flat rate after the first submission unless there is a significant change in the mode of operation.</li> <li>Introduce typical banded charges levels for typical HES activities like routine inspections offshore, Safety Case acceptance etc.</li> <li>No charging.</li> <li>Reduce the charges to justifiable rates.</li> <li>If actuals charging is to be retained, we need to have much better back-up for invoices so we can see who is doing what for how long.</li> <li>Hourly charges for incidents/Combined Ops activities.</li> <li>No charge for 'routine' visits ie Annual.</li> <li>More detailed inspector activity charging to enable companies to identify what is being charged by whom and for what.</li> <li>More detailed description of work actually carried out on the invoice from HSE.</li> <li>Introduce yearly anticipated budget from HSE towards Duty Holder with respect to planned inspections etc.</li> <li>There should be different rates for different grades based on competency rather than a flat rate.</li> </ul>							

42 Are there any improvements which could be made to the **charging guides** for industry?

Yes	7	54%				
No	6	46%				

If yes, please select as many of the following as you feel apply:

They could be made clearer, in terms of the interpretation of guidance

Yes	2					
No	-					

They could be made more user-friendly in terms of length of the guides

Yes	2					
No	-					

They could be made more user-friendly in terms of format/lay-out of the guides

Yes	3					
No	-					

43 Have you used the queries and disputes procedure?

Yes	2					
No	13					

If yes, were you satisfied with the processing of your query or dispute?

a	Yes, very satisfied	-				
b	Yes, reasonably satisfied	1				
c	No, not satisfied	1				
<i>Total responses</i>		2				

44	From your experience how should the query and dispute procedure be improved?						
	<ul style="list-style-type: none"> <li>Communications directly with company HSE Inspector as a focal point as at present the process goes through HSE accounts who eventually connect through to the Inspector.</li> </ul>						