

**To:** Lord Hunt  
Parliamentary Under  
Secretary (Lords)

**For:**

**From:** Patricia Winters  
HSE Offshore Safety Policy

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**Date:**

**Our**

**File:**

**Proposals to replace the Offshore Installations (Safety Case) Regulations 1992**

**A. SUMMARY**

To seek your agreement to the Health and Safety Commission's proposals for new Offshore Installations (Safety Case) Regulations 2005. The draft regulations replace the existing 1992 regulations. They retain the fundamental features of the existing regulations and ensure the offshore safety case regime remains relevant and proportionate to the changing nature of the industry. The draft proposals continue to require those responsible for offshore oil and gas installations to submit safety cases to HSE for acceptance as a condition for operating.

**Issues**

1. Approval of the attached draft regulations.

**Recommendation**

2. That you:
  - Approve the draft regulations (Annex A)
  - Approve the draft regulatory impact assessment (Annex B)

**Timing**

3. To bring the draft regulations into force by the common commencement date of April 2006. Therefore we propose that you sign the regulations by September 2005 to allow stakeholders to become fully familiar with the new requirements.

## **Background**

4. In July 1988 fire and explosion on the Piper Alpha offshore installation caused 167 deaths. The subsequent Cullen inquiry and report led to the introduction of the Offshore Installations (Safety Case) Regulations 1992. Though the new regulations replace the old ones in their entirety, the original rationale for the regulations, remain valid. That being an offshore safety case must be accepted by HSE before an offshore installation can operate in UK waters.

5. The regulations have been evaluated and reviewed several times during their lifespan. Such evaluations found the regulations had a positive impact on offshore safety but there was criticism of excessive bureaucracy. HSE followed up the evaluation studies. What became clear was that most benefits were achieved in the beginning when great effort was put into preparing the first safety cases. Subsequent 3-yearly re-submissions of safety cases saw a diminishing return in improvement. HSE considered the options including whether legislation was necessary or not. It concluded that while offshore safety standards had greatly improved since Piper Alpha, the potential for a major incident remained. Legislation was still necessary but needed to be modernised to revitalise its impact and to address the problems of a maturing industry.

6. An important benefit of the draft regulations will be to allow HSE to switch some resources from safety case assessment to safety case related inspection. We expect this to have an increased benefit for safety.

## ***Consultation***

7. The draft regulations have been developed in close consultation with all stakeholders. Prior to developing the draft regulations, HSE sought views from offshore stakeholders at a workshop in May 2002 and a conference in November 2003. Information gathered was used to develop the draft regulations. The CD was published on 18 June 2004 seeking views. Comments on the CD were generally positive and for the most part supportive of the changes proposed. After the consultation period ended, meetings were held with industry and a trade union to discuss the draft regulations and the way forward. The Offshore Industry Advisory Committee (OIAC) agreed the proposals on 17 June 2005. A summary of the comments received in response to the CD, are at Annex C.

## **Presentation**

8. The draft regulations continue to provide an effective tool for managing major hazards, while at the same time removing unnecessary bureaucracy. The draft regulations have been well received and there was particular support for more workforce involvement within the safety case regime. There may be some interest in the matter of increased involvement by the workforce when the proposals are agreed and signed, particularly in Scotland.

9. The draft regulations take forward the commitment in the HSC's new strategy for 2010 and beyond to review its safety case regimes to ensure they remain relevant and proportionate to the changing nature of industry. They also meet the better regulation principles.

### **Costs and benefits**

10. The regulatory impact assessment is attached at Annex B. The option to make the new proposals has the greatest net benefit. The benefits are unquantifiable though we know they are positive benefits and in addition there are the costs savings between £9.2 - £55 million.

### **Summary and Conclusion**

11. You are asked to agree the recommendations at paragraph 2.

### **Clearance**

12. Cleared by Jonathan Rees, SCS, DDG of HSE.

### **Contact**

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cc:

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