

Bringing Safety Requirements in key areas on all Passenger Vessels on Domestic Voyages in line with modern Technical Standards

**Department for Transport (DfT)
Maritime and Coastguard Agency (MCA)**

RPC rating: fit for purpose

Description of proposal

Since 2000, the Maritime and Coastguard Agency (MCA) has introduced more rigorous regulations for new domestic passenger vessels. They are intended to provide a high level of safety and align with other internationally recognised regulatory standards. However, succeeding tranches of regulations have tended to be applied to new vessels; existing vessels (which make up approximately 84% of the domestic passenger ship fleet) have not been required to comply with the latest regulations. Most operators of these existing vessels have not installed safety equipment beyond that required in the regulations in force when they entered service, even if additional equipment would be required for newer vessels.

The proposed amendments to Regulations, upon which the MCA is consulting, aim to raise safety levels for existing ships to align more closely with those for new ships, without imposing excessive costs.

Options considered

The IA considered three options:

- Do nothing – Maintain the regulatory status quo and promulgate best practice guidance, suggesting that operators improve the level of vessel safety. This baseline option would not address safety gaps between newer and older ships.
- Option 1 (preferred option) – This option recognises that the cost of retrofitting safety equipment to existing vessels can be substantially higher than the cost of installing it on new vessels. Some requirements are lowered for existing vessels, and the amended regulations also allow operators to make alternative arrangements to address some safety issues without significant

modification of the vessel. The MCA argues that this option provides a proportionate and pragmatic approach to raising standards for safety, whilst minimising adverse impacts of the measure on industry.

- Option 2 – This option would require full compliance with current standards for all domestic vessels. Achieving compliance in full with the requirements for new vessels would be extremely costly and, in many cases, would require extensive modification of the vessel. This option offers the greatest reduction of risk, but at potentially disproportionate economic cost.

Impacts of proposal

The proposed regulations will affect vessels currently operating commercially as passenger ships. Based on its register, the MCA estimates that there are 606 such vessels. The main costs to operators include: familiarisation with the new regulations; additional equipment; modifications to vessels; and maintenance costs.

The specific requirements for a given vessel will depend upon the use to which that vessel is put; in the absence of other information, the MCA has assumed that each vessel will be used in the way that requires maximum adjustment.

Time costs of transition and familiarisation

The Impact Assessment assumes a one-year transition period. The MCA is consulting with operators to determine the most appropriate transition period.

Due to the nature of the changes and their interaction with the existing regulations, operators will need to become familiar with great deal of information. The MCA, therefore, plans to release summary guidance aimed specifically at operators of existing vessels. In addition, operators will need time to assess the requirements for their specific vessels and to procure appropriate equipment or modifications. Based on its own assessment of a sample of vessels, the MCA estimates that the average total time cost of familiarisation and transition will be 2-7 hours per vessel. It plans to consult with operators to refine these estimates. On this basis, and using ASHE data with standard upratings, it estimates the total time costs of familiarisation and transition at £319,000.

Costs of equipment and modifications

These costs will differ substantially among vessels, depending on their existing design and equipment as well as their mode of operation. The MCA has, therefore, used an indicative sample of vessels to estimate typical costs for the purchase and

maintenance of equipment and modifications. On this basis, the regulator estimates an overall NPV cost of purchasing and maintaining equipment of £10.2 million; the estimates presented in the IA do not distinguish clearly between one-off costs and ongoing costs.

Benefits

The main benefit expected as a result of the regulations is an increase in vessel safety, and a consequential reduction in injuries and fatalities. The MCA has monetised the portion of this benefit resulting from improvements to life-rafts based on analysis of accident reports and standard unit costs of life. It estimates the net present monetised benefit of this aspect of the measure at £4.9 million. It has not been able to monetise the benefits due to other changes, as it does not have sufficient incident data, but notes the existence of these additional benefits.

The MCA also notes that, in the event of an emergency, persons of reduced mobility will particularly benefit from the carriage of life-rafts and lifejackets.

Quality of submission

Overall, this is a good consultation stage IA. The MCA has set out a clear rationale for the regulation and has given a systematic description of the costs and benefits of the three possible options, supported by appropriate evidence. Where possible, costs and benefits have been monetised; where this is not possible the MCA has explained why and considered how it can use the consultation to refine further its estimates. The assessment could have been improved further by presenting a wider range of options.

The assessment could also have been improved by considering whether the increase in safety requirements will lead to an increase in (for example) the length of inspections and therefore to increased enforcement costs. The RPC accepts, however, that any such additional enforcement costs will be negligible.

At this stage, the small and micro businesses assessment (SaMBA) is sufficient; the MCA notes that most of the firms affected will be small businesses but that the regulations have the same force for all operators; it argues that “the new regulations apply across the board, so no one area of this industry is penalised over others”. The regulator also explains that it intends to consult with trade bodies representing relevant small businesses and to adapt its approach in light of their views. At final stage, the MCA will need to present a more detailed consideration of any

disproportionate impacts and of its approach to mitigating the impacts of the measure on small businesses. In particular, it should consider whether small and micro businesses are disproportionately more likely to operate older vessels and consider mitigations other than exemption.

Departmental assessment

Classification	Non-Qualifying regulatory provision
Equivalent annual net direct cost to business (EANDCB)	£1.1 million
Business net present value	-£10.4 million
Overall net present value	-£5.6 million

RPC assessment

Classification	Non-Qualifying regulatory provision
Small and micro business assessment	Sufficient

Regulatory Policy Committee