

Maritime and Coastguard Agency

Department for Transport

MGN 546 – In Water Surveys

RPC rating: **fit for purpose**

The assessment is now fit for purpose as a result of the department's response to the RPC's initial review notice. As first submitted, the assessment was not fit for purpose.

Description of proposal

MGN 546 amends current guidance to allow in-water surveys of the bottom of ships in lieu of dry dock inspections for certain vessels. Specifically, the changes:

- make explicit the current allowance for one in-water survey in place of a dry dock inspection for cargo ships;
- clarify allowances for domestic passenger ships over 20 years old operating on categorised waters to apply for a waiver of in-water surveys; and
- changes the frequency¹ with which domestic seagoing passenger ships must receive in-water and dry dock surveys.

Impacts of proposal

For each vessel, the regulator anticipates that familiarisation with the guidance changes will take one hour of a ship officer's time. Familiarisation is only expected to be required for those 880 businesses affected by guidance changes. Using an uprated wage of £21.13 per hour the regulator estimates a total cost of £17,000.

Benefits from a waiver for in-water surveys on domestic passenger ships

The changes to cargo ship guidance simply validate existing practice and are therefore expected to have no impacts.

All domestic passenger ships are required to have an annual survey of the bottom of the ship. Previous guidance required all of these to be conducted in dry dock for passenger ships over 20 years of age unless certain conditions were met, in which case operators could request that at most three of these in a five year period be replaced by in-water inspections. The new guidance further allows ships meeting the criteria for in-water surveys to apply for a waiver of these surveys (in effect having at least 2 dry dock inspections in a 5-year period) if in-water surveys are prevented by

¹ The requirement is changed from at least 2 out of water surveys and no more than 3 in-water surveys over a five-year period to at least 1 out of water survey and no more than 4 in-water surveys over a five year period.

visibility or other local factors. The regulator states that dry dock inspections are more costly than in-water inspections, due to the need to remove the ship from water. For each affected vessel, the IA considers the savings associated with an in-water survey as opposed to a dry-dock inspection, and the subsequent waiver of the in-water survey. The assessment does not take into account savings arising from substitution of in-water surveys for dry dock inspections as this option is available under current guidance. The assessment states that each affected vessel² will save between £60,000 and £30,000 per waived in-water inspection, based on consultation with a domestic ship operator.

The regulator states that it would be disproportionate to estimate an accurate number of ships that would qualify for waivers due to the need for a manual records search. The regulator therefore estimates that the 15 affected ships would save a total of £1.35 million over a 5-year period.

Benefits from new guidance for domestic seagoing passenger ships

Domestic seagoing passenger ships less than 15 years old, under current regulations, need at least 2 dry-dock surveys and a maximum of 3 in-water surveys within a 5 year period. Under the guidance changes, this becomes at least 1 dry dock inspection and no more than 4 in-water surveys. Based on MCA data, the submission estimates that 40 passenger ships will be affected. Using the same indicative costings as above (£60,000 per dry dock survey and £30,000 per in-water survey, based on consultation data) the regulator calculates potential benefits of £1.2m over a five-year period.

As the operator can continue to operate during days that would otherwise be required for dry dock surveys, the assessment notes opportunity savings associated with the guidance changes. The regulator could estimate of potential benefits because operating profits are commercially sensitive.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of -£0.5 million. This is a qualifying regulatory provision that will score under the 2015-17 Business Impact Target.

Quality of submission

As initially submitted for RPC scrutiny, the assessment was not considered fit for purpose as it did not adequately describe the impacts of the policy, account for familiarisation costs associated with the policy or provide sufficient evidence to justify not quantifying impacts associated with the policy. The MCA has since improved the

² 300 passenger vessels over 20 years old, of which an estimated 5% will qualify for replacing 3 dry dock inspections with in-water surveys per 5 year period.

description of the policy and its impacts and provided evidenced estimates of the number of businesses affected and the calculation of its major benefits. The submission also now calculates familiarisation costs.

The submission does not make explicit the justification of figures used in calculating the savings. The submission would be improved by providing clear reasoning for figures such as the proportion of ships that qualify for in-water surveys and the time and number of employees required for familiarisation.

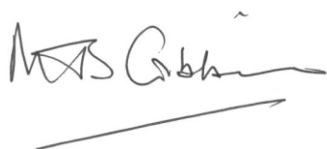
The submission also incorrectly calculates the familiarisation costs associated with the policy. Based on the figures used, costs are equal to £14,000. However, the difference in costs does not materially affect the EANDCB provided and the RPC can validate the measure.

Regulator assessment

Classification	Qualifying regulatory provision
Equivalent annual net cost to business (EANCB)	£-0.5 million
Business net present value	£4.38 million
Business Impact Target (BIT) Score ¹	£-2.5 million

RPC assessment

Classification	Qualifying regulatory provision
EANCB – RPC validated ³	£-0.5 million



Michael Gibbons CBE, Chairman

³ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.