Final stage impact assessment

Title:	Declaring Collective Redundancy for Seafarers
Type of measure:	Primary
Department or agency:	Department for Transport, Department for Business and Trade
IA number:	DfTIA346
RPC reference number:	
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Date:	21/10/2024

1. Summary of proposal

On 17 March 2022, P&O Ferries dismissed nearly 800 seafarers without consultation or notice.[1] Under the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA)[2], companies are required to notify the Secretary of State in advance of a collective redundancy event (defined as 20 or more proposed redundancies at one establishment in a 90 day period). This enables the UK Government to ensure suitable support is in place for those facing redundancy. For seafarers on vessels registered outside the United Kingdom (UK), the duty to notify the Secretary of State is modified so notification must instead be provided to the competent authority of the state where the vessel is registered.[3]

An Insolvency Service criminal investigation into the circumstances surrounding the dismissals followed. This concluded with the Insolvency Service being unable to bring forward a criminal prosecution[4] as the duty to notify does not apply in respect of employees who work outside Great Britain, and it was considered only evenly balanced whether the dismissed employees would be treated as ordinarily working in Great Britain. Additionally, the vessels impacted were registered outside of the UK, so there was doubt as to whether the offence for failure to provide notification to the Secretary of State would apply when they were instead required to notify the competent authorities of the state where the vessel was registered.

[1] P&O Ferries sacks all 800 crew members across entire fleet, The Guardian, 17 March 2022
[2] Trade Union and Labour Relations (Consolidation) Act 1992, UK Legislation, 1992
[3] P&O Ferries: Employment law issues, House of Commons Library, 19 April 2022
[4] P&O Ferries won't face criminal action over mass sacking of staff, BBC News, 20 August 2022

Requiring operators to notify the UK government, even if flagged elsewhere, would ensure that in future situations similar to the one described above companies which failed to notify the UK government of proposed redundancies among workers on such vessels would be committing a criminal offence.

2. Strategic case for proposed regulation

This change would ensure that in future situations similar to the one described above companies which failed to notify the UK government of proposed redundancies among workers on such vessels would be committing a criminal offence.

Declaring the collective redundancies of seafarers to the Secretary of State addresses a gap in employment rights where collective redundancy notification requirements that currently apply to land-based employees and those employed aboard UK flagged vessels may not apply to workers if they work aboard a non-UK flagged vessel with a close connection to Great Britain. Correcting this would deter businesses from dismissing workers without notice, and allow for the UK Government to be better informed over the labour market and better able to support those impacted in the same way that the government does for employees on land or on UK flagged vessels.

This would also reduce a market failure of asymmetric information, where businesses know more about their plans than the government and therefore the government are not able to effectively plan for or monitor the collective redundancies.

This measure cannot be addressed without government intervention as there would be no requirement for employers of crew aboard non-UK flagged ships to notify the Secretary of State of plans for collective redundancy.

3. SMART objectives for intervention

The objective of this policy is to allow the UK government to better prepare for collective redundancies of seafarers and make the requirement consistent compared to ships registered to the UK flag.

This measure is specific, with an objective of protecting seafarer employment rights in declaring collective redundancy. The outcome is measurable, as the number of collective redundancy notifications can be recorded. The measure is achievable, through the primary legislation and through the Insolvency Service. It is relevant to the maritime sector, as shown with the P&O Ferries redundancies and the impacts of not having a notification, and it is timely, with introduction in the Employment Rights Bill.

This also meets government objectives to improve employment rights.

4. Description of proposed intervention options and explanation of the logical change process whereby this achieves SMART objectives

The preferred option would require firms who are calling regularly to ports in Great Britain but are not flagged to the UK to notify the Secretary of State in the event of collective redundancies. This would meet the objective of allowing the UK government to better prepare for such events and make the requirement consistent compared to firms who are registered to the UK flag, as the government would have more advanced notice to make preparations.

The scope of this measure is vessels calling at a harbour in Great Britain at least 120 times a year from a non-UK port, or, where a service has operated for less than 12 months, those that entered a harbour on at least 10 occasions per month for each month the service operated. The measure also includes all domestic services within Great Britain and between Great Britain and Northern Ireland, regardless of the frequency of port calls. Vessels flagged to the UK are already in scope of the notification requirement. This brings the estimated number of firms in scope to 1,834 firms in the central scenario.

5. Summary of long-list and alternatives

No non-regulatory option has been considered as regulation is necessary to create the requirement for businesses to notify the Secretary of State, and therefore not regulating would not meet the policy objective.

A scope of vessels with a “close connection” to the UK (rather than Great Britain), defined as on a service entering a harbour in UK from a place outside of the UK at least 120 times per year, was considered. This would have been consistent with the Seafarers’ Wages Act regulations. Firms with vessels already registered to the UK flag were not in scope of the Seafarers’ Wages Act, and so this would result in an estimated 45 firms in scope of the regulation, according to the analysis previously undertaken for the Seafarers Wages Act. This was not taken forward, as it would not have included services operating between Great Britain and Northern Ireland.

6. Description of shortlisted policy options carried forward

No further short listed options other than the preferred option were considered, including exemptions to medium, small or micro business.

Small or micro businesses are not expected to be impacted by this legislation.

As a collective redundancy requires at least 20 redundancies within a 90 day period to meet the notification requirement, micro businesses are not impacted by this legislation. Small businesses are not expected to be impacted as redundancy would involve the redundancy of a high proportion of their workforce – however, they could be impacted. UK flagged vessels are already subject to the notification requirement, so there is no additional impact to businesses operating those vessels. Medium businesses will be impacted, and the impact on each firm is estimated to be small, at £21 per notification in the central scenario.

No exemption has been considered for medium sized businesses, as no exemption is in place currently for medium businesses with UK-flagged ships or indeed any other medium sized business in scope of collective redundancy law (s193 Trade Union and Labour Relations Act 1992[5]). The overall burden is not expected to be large, given that costs are minimal and only incurred by firms undertaking mass redundancies.

Small businesses could be impacted by this measure, and they could be impacted disproportionately, as they would face the same costs of notifications as larger businesses.

[5] Trade Union and Labour Relations (Consolidation) Act 1992, Section 193, UK Legislation, 1992

However, no exemption for these firms has been considered. This is because the impact on seafarers and the support required would be the same regardless of business size, and the overall cost burden on small businesses is expected to be small, at £21 per notification per business in the central scenario.

7. Regulatory scorecard for preferred option

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		**Directional rating**
Description of overall expected impact	Whilst seafarers are likely to benefit from this measure, there is a familiarisation cost for firms in addition to a small one-off cost to business for the instances of notification.	**Positive** **Based on all impacts (incl. non-monetised)**
Monetised impacts	The monetised net present value is -£18,911, with a range of -£7,005 to -£39,596. This is costs that impact businesses and is due to familiarisation.	**Negative** **Based on likely £NPSV**
Non-monetised impacts	No significant non-monetised costs have been identified. There is anticipated to be a small non-monetised cost for firms in the instance of notification and a non-monetised benefit for seafarers in benefitting from the measures the Department for Work and Pensions may put in place to support them in the event of redundancies.	**Positive**
Any significant or adverse distributional impacts?	No adverse distributional impacts have been identified.	**Neutral**

(2) Expected impacts on businesses		
Description of overall business impact	The overall cost to business is based on a familiarisation cost. The cost of notification for collective redundancy is considered in sensitivity analysis, rather than in the business net present value estimate.	**Negative**
Monetised impacts	The monetised business net present is -£18,911, with a range of -£7,005 to -£39,596.. This is due to familiarisation costs. For each business, the cost of familiarisation is estimated to be £10.51 (2023 prices), with a range of £4.33 to £20.01.	**Negative** **Based on likely business £NPV**

Non-monetised impacts	No non-monetised benefits have been identified. There is a non-monetised cost to business, which has been included in the sensitivity analysis, of the estimated cost of a notification in the case of making a collective redundancy, which is £21 in the central scenario (2023 prices).	**Negative**
Any significant or adverse distributional impacts?	No adverse distributional impacts have been identified.	**Neutral**

(3) Expected impacts on households		
Description of overall household impact	No household impacts have been monetised. A non-monetised benefit is anticipated.	**Positive**
Monetised impacts	No household impacts have been monetised. The household net present value is therefore estimated to be £0.	**Neutral** **Based on likely household £NPV**
Non-monetised impacts	A non-monetised benefit has been identified for seafarers, as they will benefit from any preparations made by the Department for Work and Pensions to support them following redundancies.	**Positive**
Any significant or adverse distributional impacts?	No adverse distributional impacts have been identified.	**Neutral**

Part B: Impacts on wider government priorities

Category	**Description of impact**	**Directional rating**

Business environment: **Does the measure impact on the ease of doing business in the UK?**	No impacts have been identified.	**Neutral**
International Considerations: **Does the measure support international trade and investment?**	No impacts have been identified.	**Neutral**
Natural capital and Decarbonisation: **Does the measure support commitments to improve the environment and decarbonise?**	No impacts have been identified.	**Neutral**

8. Monitoring and evaluation of preferred option

It is not proportionate to carry out a post implementation review as part of this measure due to the low estimated costs to business.

9. Minimising administrative and compliance costs for preferred option

Familiarisation cost has been considered as part of this analysis. The administrative and compliance cost is expected to be £0.

Summary: Analysis and evidence

For Final Stage Impact Assessment, please finalise these sections including the full evidence base.

Price base year:	2024
PV base year:	2024

	1. Business as usual (baseline)	**Preferred way forward**
Net present social value	£0, as this is the counterfactual against which other options are assessed.	The monetised net present value is -£18,911, with a range of -£7,005 to -£39,596. This is costs impacts businesses and is due to familiarisation.
Public sector financial costs	£0, as this is the counterfactual against which other options are assessed.	No public sector costs are anticipated.
Significant un-quantified benefits and costs	£0, as this is the counterfactual against which other options are assessed.	There is a non-monetised benefit for seafarers, and a non-monetised cost for business. The cost to business is considered in the sensitivity analysis.
Key risks	No risks have been identified.	No risks have been identified.

Results of sensitivity analysis	£0, as this is the counterfactual against which other options are assessed.	Sensitivity analysis was undertaken to estimate the cost of a single collective redundancy event, which was estimated at £21 (2023 prices) in the central scenario.

Evidence base

Problem under consideration, with business as usual, and rationale for intervention

Overview of the maritime sector

Seafarers are crucial for the UK economy, keeping UK supply chains and maritime tourism traffic moving. Around 95% of UK cargo imports and exports by weight are moved by sea,[6] with 91,000 vessels calling at UK ports in 2023.[7]

The maritime sector directly contributed around £18.7 billion to UK gross value added (GVA) and directly supported around 227,000 jobs in 2019.[8] An estimated 24,100 UK seafarers are active at sea in 2023.[9]

Problem under consideration

On 17 March 2022, P&O Ferries dismissed nearly 800 seafarers without consultation or notice.[10] Under the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA)[11], companies are required to notify the Secretary of State in advance of a collective redundancy event (defined as 20 or more proposed redundancies at one establishment in a 90 day period). This enables UK government to ensure suitable support is in place for those facing redundancy. For seafarers on vessels registered outside Great Britain, the duty to notify the Secretary of State is modified so notification must instead be provided to the competent authority of the state where the vessel is registered.[12]

An Insolvency Service criminal investigation into the circumstances surrounding the dismissals followed. This concluded with the Insolvency Service being unable to bring forward a criminal prosecution[13] as the duty to notify does not apply in respect of employees who work outside Great Britain, and it was considered only evenly balanced whether the dismissed employees would be treated as ordinarily working in Great Britain. Additionally, the vessels impacted were registered outside of the UK, so there was doubt as to whether the offence for failure to provide notification to the Secretary of State would apply when they were instead required to notify the competent authorities of the state where the vessel was registered.

This change would ensure that in future situations similar to the one described above companies which failed to notify the UK Government of proposed redundancies among workers on such vessels would be committing a criminal offence.

Declaring the collective redundancies of seafarers to the Secretary of State addresses a gap in employment rights where collective redundancy notification requirements that currently apply to land-based employees and those employed aboard UK-flagged vessels may not apply to workers if they work aboard a non-UK flagged vessel with a close connection to Great Britain.[14] The scope of this policy would apply to both domestic and international services. Correcting this would deter businesses from dismissing workers without notice and allow for the UK Government to be better

[6] DfT Transport Statistics Great Britain 2022, Department for Transport, December 2023
[7] Port Freight Annual Statistics 2023, Department for Transport
[8] State of Maritime Nation 2022, Maritime UK
[9] Seafarers in the UK Shipping Industry, Department for Transport. 2023
[10] P&O Ferries sacks all 800 crew members across entire fleet, The Guardian, 17 March 2022
[11] Trade Union and Labour Relations (Consolidation) Act 1992, UK Legislation, 1992
[12] P&O Ferries: Employment law issues, House of Commons Library, 19 April 2022
[13] P&O Ferries won't face criminal action over mass sacking of staff, BBC News, 20 August 2022
[14] It is intended that close to connection to the UK is defined as vessels on a service which visit a UK port at least 120 times per year, in line with the scope of the Seafarers' Wages Act.

informed over the labour market and better able to support those impacted in the same way that the government does for employees on land or on UK flagged vessels.

This would also reduce a market failure of asymmetric information, where businesses know more about their plans than the government and therefore the government are not able to effectively plan for or monitor the collective redundancies.

This measure cannot be addressed without government intervention as there would be no requirement for employers of crew aboard non-UK flagged ships to notify the Secretary of State.

Policy objective

The policy objective for this intervention is to protect the employment rights of seafarers by ensuring that the UK has robust legislative frameworks in place that require the UK government to be notified in advance of any mass dismissal of seafarers with close connections to the Great Britain (noting the devolution of employment rights including notification of redundancies to Northern Ireland), thereby enabling the UK government to prepare suitable support in advance of the event. The changes would also address a legal uncertainty that was exploited by P&O Ferries. In the case of non-compliance, there would be an unlimited fine.

It should also be noted that success in this measure will not be able to be measured by, for example, the number of notifications that take place or a reduction in the number of collective redundancies that take place. Reducing the number of redundancies is not an objective of this policy and the number of notifications is expected to vary by year. Success would be if, in the event of collective redundancy, the Secretary of State is notified in advance and is able to take the appropriate steps to prepare and support the workforce. This would be measured through stakeholder engagement with government departments and other stakeholders. However, due to the low estimate of the equivalent annual net direct cost to business (EANDCB) of £2,200, it is not considered proportionate to commit to a post implementation review (PIR).

Description of options considered

Two options have been considered:

Option 1: do nothing. In this scenario, there would be no requirements for non-UK flagged vessels who operate from Great Britain to notify the Secretary of State in the event of collective redundancies, even if there were citizens of Great Britain working on those vessels.

Option 2: require notification to the Secretary of State of proposed collective redundancies in respect of workers aboard non-UK flagged vessels with a close connection to Great Britain. This is the **preferred option**.

Option 2 brings the requirement for non-UK flagged vessels who operate with a sufficient frequency from Great Britain in line with the requirements for UK flagged vessels and other UK businesses.

No non-regulatory option has been considered as regulation is necessary to create the requirement for businesses to notify the Secretary of State, and therefore would not meet the policy objective.

The scope of this measure is vessels calling at a Great Britain port from an international port at least 120 times a year, or, where a service has operated for less than 12 months, it entered a harbour on at least 10 occasions per month for each month the service operated. The measure also includes all domestic services within Great Britain and between Great Britain and Northern Ireland, regardless of the frequency of port arrivals. Vessels flagged to the UK are already in scope of the notification requirement. This brings the estimated number of firms in scope to 1,834 firms.

A scope of vessels with a “close connection” to the UK (rather than Great Britain), defined as on a service visiting a port in UK at least 120 times per year, was considered. This would have been consistent with the Seafarers’ Wages Act regulations. Firms with vessels already registered to the UK flag were not in scope of the Seafarers’ Wages Act, and so this would result in an estimated 45 firms in scope of the regulation, according to the analysis previously undertaken for the Seafarers Wages Act. This was not taken forward, as the preferred option brings in scope domestic services and refers to Great Britain ports rather than the UK.

The impact of the measure is estimated to be very small.

Summary and preferred option with description of implementation plan

This will be given effect in primary legislation through the Employment Rights Bill. No transitional arrangements will be in place.

The intervention will come into effect when the legislation enters into force, expected to be in 2025, or shortly thereafter if brought into force by separate commencement Order. The Insolvency Service will be responsible for enforcement of this intervention as they have powers to prosecute the offence of failing to notify.

No piloting or trialling is necessary with this measure.

The measure is expected to meet the policy objective of allowing the government to anticipate and prepare for collective redundancy by correcting the information asymmetry through the requirement of notification of the Secretary of State.

NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

The implementation year is 2025 for this analysis, and a standard 10 year appraisal period is used. Unless otherwise stated, a 2023 price year is used with no present value adjustments.

Labour cost assumptions

Labour costs have been calculated using the “Managers in Logistics, Warehousing and Transport” category in Office for National Statistics’ Annual Survey for Hours and Earnings (ASHE)[15] for an hourly wage and adjusted for non-labour costs using the Transport Analysis Guide non-wage uplift.[16]

Table 1: labour cost assumptions

	Low	Central	High
Percentile	25th percentile	Mean	75th percentile
ASHE hourly wage	£13.68	£16.62	£21.09
Non-wage uplift	26.5%	26.5%	26.5%
Labour cost per year per individual	£17.31	£21.02	£26.68

Please note that these figures are rounded to the nearest 1p. Any discrepancy between the table inputs and the cost estimates is due to rounding.

Number of firms in scope

[15] Annual Survey of Hours and Earnings, Table 14.5a, 2023 provisional data set, Office for National Statistics
[16] Transport Appraisal Guide Unit A4-1 Social Impact Appraisal, Department for Transport, 2019

The analysis uses the scope of vessels on services which are calling at Great Britain from an international port at least 120 times year. The scope also includes vessels on a service which has operated for less than 12 months, where it entered a harbour on at least 10 occasions per month for each month the service operated, however, these services are not included in the analysis (see "limitations in the scope analysis" section for further information). All domestic services, both between Great Britian and Great Britain and between Great Britain to Northern Ireland are in scope, regardless of the frequency requirements.

Data for international services has been taken from the Seafarers' Wages Act analysis, which used data from 2019[17] as data from 2020 to 2022 are impacted by the COVID-19 pandemic. For domestic to Great Britain routes and routes between Great Britain and Northern Ireland, scope is estimated using Department for Transport Analysis of 2023 data from /Sea by Maritec.[18] The international and domestic routes were then combined and duplicates (firms who run both international and domestic services) were removed to prevent double counting. For the purpose of this IA, "firm" or "business" is defined as the registered owner of the vessels.

This brings the number of operators in scope to 1,834.

Limitations in the scope analysis

The scope of this measure is vessels calling at a Great Britain port at least 120 times a year, or, where a service has operated for less than 12 months, it entered a harbour on at least 10 occasions per month for each month the service operated. The analysis is undertaken with vessels calling 120 times a year – firms who run a service for less than a year but meet the criteria of 10 occasions per month, are not included in this analysis due to the high level of uncertainty over how many firms may be impacted by this.

The analysis is based on AIS (Automatic Identification System) data as such fishing vessels, vessels used for leisure, and vessels less than 500 gross tonnes (GT) may not be included in the data sources available. Data for these vessels is not available, however, they are more likely to be micro businesses, who are not impacted by this legislation due to the small number of employees working for them.

There is therefore a chance that the number of firms has been undercounted. A +/- 10% range has been used to account for uncertainty.

Monetised cost: familiarisation costs

The only monetised cost for this measure is the familiarisation cost for firms. These costs only apply to the implementation year. The time used is an assumption with a +/- 50% range to account for uncertainty.

Table 2: familiarisation costs

	Low	Central	High
Labour cost (per hour per individual)	£17.31	£21.02	£26.68
Time assumption (hours)	0.25	0.5	0.75
Cost per firm	£4.33	£10.51	£20.01
Number of firms in scope	1,651	1,834	2017

[17]Detailed data tables are available from Department for Transport port and domestic waterborne freight statistics: data tables including port freight statistics from port0301 and port arrival statistics from port0601. This analysis uses a combination of these two data sets and some underlying vessel-level data which is not published due to commercial sensitivity. Data from 2019 was used in this analysis.
[18] Not published.

Cost across all firms	£7,140.99	£19,279.28	£40,366.43

Please note that these figures are rounded to the nearest 1p. Any discrepancy between the table inputs and the cost estimates is due to rounding.

Non-monetised costs

Non-monetised costs to business includes the cost to notify the Secretary of State in the case of a collective redundancy. This is not proportionate to monetise due to the high levels of uncertainty around the number of declarations which would be required per year, as well as the low estimated cost per notification. Instead of including this as a monetised cost, it has been considered in the sensitivity analysis.

The measure also applies existing provision for an unlimited fine for operators who fail to notify the Secretary of State as required. This has not been included in the analysis as it is assumed that there will be 100% compliance with notification due to the impact of any potential fine compared to the low cost of complying, which is estimated to be approx. £21 per required notification.

Non-monetised benefits

There are non-monetised benefits to the government, who will be better able to plan to respond to these events and provide support, such as help with eligible benefits and seeking new employment and training through Department of Work and Pensions and JobCentre Plus. This is not anticipated to be a cost to government, as it does not change the eligibility of individuals to this service or increase the level of support offered, but rather enables better planning. There will also be a non-monetised benefit to employees, who could benefit from this government support. This would be an indirect benefit however, and not within scope of the equivalent annual net direct cost to business or households.

Sensitivity analysis

As discussed in the non-monetised benefit section, it is not proportionate to monetise the total cost to firms for notifying redundancies. The time used is an assumption with a +/- 50% range to account for uncertainty.

The cost of a single collective redundancy notification is estimated to be £21 in the central scenario, as set out in table 3.

Table 3: cost of a single collective redundancy notification

	Low	Central	High
Labour cost	£17.31	£21.02	£26.68
Time assumption (hours)	0.5	1	1.5
Cost per firm	£8.65	£21.02	£40.02

Please note that these figures are rounded to the nearest 1p. Any discrepancy between the table inputs and the cost estimates is due to rounding.

Therefore, the cost of the policy is expected to be low. As an illustrative example, for the policy to cost £1m over the ten-year appraisal period, 47,564 redundancies would have to be made in the central scenario. Across the firms in scope, this would require the firms in scope to make 2.6 redundancy notifications per year, which is unlikely.

Summary

The following costs are estimated using the impact assessment calculator[19] and a 3.5% discount rate to account for social time preference.[20] This estimate is for the familiarisation cost only. The EANDCB, in 2024 prices and 2024 present value, is estimated to be £2,200 in the central scenario.

Table 4: net present value and equivalent annual net direct cost to business

	Low	Central	High
Net present social value	-£7,005	-£18,911	-£39,596
Net present business value	-£7,005	-£18,911	-£39,596
Equivalent annual net direct cost to business	£814	£2,197	£4,600

Please note that these figures are rounded to the nearest £1.

No significant non-monetised impacts have been identified.

Impact on the UK

All of the vessels on services impacted by this policy would be flagged to a country outside of the UK. However, some of these companies may still be owned or managed by UK businesses, despite being flagged to registers outside of the UK.

Table 5: UK impact by group

	% firms impacted[21]
UK owned	6%
UK managed	9%

The seafarers who could indirectly benefit (for example, through support from Department of Work and Pensions and JobCentre Plus) from this measure would be UK residents. However, non-residents could also benefit from notification, which could give them time to prepare for the redundancy.

Impact on small and micro businesses

Small or micro businesses are not expected to be impacted by this legislation.

As a collective redundancy requires at least 20 redundancies to be made within a 90 day period to meet the notification requirement, micro businesses are not impacted by this legislation. Small businesses are not expected to be impacted as redundancy would involve the redundancy of a high proportion of their workforce – however, they could be impacted. UK flagged vessels are already subject to the notification requirement, so there is no additional impact to businesses operating those vessels. Medium businesses will be impacted, and the impact on each firm is estimated to be small, at £21 per notification in the central scenario.

No exemption has been considered for medium sized businesses, as no exemption is in place currently for medium businesses with UK-flagged ships or indeed any other medium sized business

[19] Impact assessment and options assessment calculator, reforms 2023, Department for Business and Trade, 2023
[20] The Green Book, HM Treasury, 2022
[21] Data taken from the analysis for the Seafarers' Wages Bill impact assessment.

in scope of collective redundancy law (s193 Trade Union and Labour Relations Act 1992[22]). The overall burden is not expected to be large, given that costs are minimal and only incurred by firms undertaking mass redundancies.

Small businesses could be impacted by this measure, and they could be impacted disproportionately, as they would face the same costs of notifications as larger businesses. However, no exemption for these firms has been considered. This is because the impact on seafarers and the support required would be the same regardless of business size, and the overall cost burden on small businesses is expected to be small, at £21 per notification per business in the central scenario.

Business environment

No impact on the business environment, including barriers to entry, innovation or ease of doing business is expected as a result of this policy.

Trade implications

No impact on trade or investment is expected as a result of this policy.

Environment: Natural capital impact and decarbonisation

No impact is expected on natural capital or decarbonisation as a result of this policy.

Risks and assumptions

No risks have been identified in the preferred option of requiring notification to the Secretary of State in the case of collective redundancy.

The following assumptions have been used in the analysis:

- Non-wage uplift has been taken from the Transport Analysis Guide.[23]
- The Impact Assessment Calculator (2023 reforms) has been used to estimate the net present value and EANDCB.[24] A 3.5% discount rate and an annuity rate of 8.608 have been used.
- The Office for National Statistics Annual Survey of Hours and Earnings has been used to estimate wage costs for the category *Managers in Logistics, Warehousing and Transport.*[25]
- The estimate of the number of international firms in scope from this policy comes from analysis of 2019 data used in the Seafarers' Wages Act. This has not been updated due to 2020-2022 data being impacted by COVID-19. The number of vessels operating and the

[22] Trade Union and Labour Relations (Consolidation) Act 1992, Section 193, UK Legislation, 1992
[23] Transport Appraisal Guide Unit A4-1 Social Impact Appraisal, Department for Transport, 2019
[24] Annual Survey of Hours and Earnings, Table 14.5a, 2023 provisional data set, Office for National Statistics
[25] Impact assessment and options assessment calculator, reforms 2023, Department for Business and Trade, 2023

registered flag state of these vessels may have changed over time, and a range has been provided to account for this uncertainty.

- The estimate of domestic to Great Britain or between Northern Ireland and Great Britain firms in scope comes from analysis on 2023 data by the Department for Transport of /Sea by Martitec. This data is not publicly available.
- The analysis is based on AIS (Automatic Identification System) data, as such fishing vessels, small merchant vessels (< 500 GT) and vessels used for leisure (e.g. yachts) may not be available.
- Assumptions have been made in using the 120 times a year criterion in the analysis. This is discussed in the “limitations in the scope analysis" section.
- Assumptions have been made around the time taken for both familiarisation and notification. A low/central/high range has been used to account for the uncertainty around these figures.