

# Final stage impact assessment

Title: Mandatory Seafarers' Charter

Type of measure: Domestic

Department or agency: Department for Transport/Department of Business and Trade

IA number: DfTIA347

Contact for enquiries: maritime@dft.gov.uk

Date: 04/03/2025

## 1. Summary of proposal

This measure amends the Seafarers Wages Act<sup>1</sup> so that further provisions may be made to benefit seafarers, resembling some requirements from the voluntary charter<sup>2</sup>.

The goal of this measure is good quality seafarer employment. A voluntary charter was published in July 2023<sup>3</sup>, but not all companies operating services in scope have signed up to it. Enforcing standards would ensure good quality seafarer employment across the sector.

The requirements and implementation of this measure will be introduced via secondary legislation. Detailed impact assessments will accompany the statutory instruments to ensure the full impacts are considered in line with the Better Regulation Framework and Regulatory Policy Committee guidance.<sup>4,5</sup>

## 2. Strategic case for proposed regulation

This policy proposal is to introduce the powers which would enable the introduction of a mandatory Seafarers Charter. The March 2022 dismissal by P&O Ferries of 786 seafarers and their replacement by agency crew working at sea for much longer, up to 5 months at a time, risked a race-to-the-bottom on working conditions to cut costs. This cannot be resolved without intervention – a voluntary charter is currently in place<sup>6</sup> and limits the lengths of tours of duty on high-intensity

---

<sup>1</sup> [Seafarers' Wages Act, 2023](#)

<sup>2</sup> [The Seafarers' Charter](#), Department for Transport, July 2023

<sup>3</sup> [The Seafarers' Charter](#), Department for Transport, July 2023

<sup>4</sup> [Better Regulation Framework](#), Department of Business and Trade, September 2023

<sup>5</sup> [Case histories: assessment and scoring of primary legislation measures](#), Regulatory Policy Committee, August 2019

<sup>6</sup> [The Seafarers' Charter](#), Department for Transport, July 2023

routes, but not all companies operating services in scope have signed up to it. To ensure good quality seafarer employment, government intervention through regulation is required.

French legislation that entered into force on 30 June 2024 requires that seafarers working aboard passenger ships operating a regular international service between France and the UK or Channel Islands (i.e. entering a French port at least 120 times per year) must be paid at least the French minimum wage, and should have a maximum time on board of 14 consecutive days (21 days for those in training), followed by an equal period off.

There are several market failures, including equity and externalities, which support the introduction of a mandatory Seafarers Charter.

The market provides an unsatisfactory outcome in the maritime sector, resulting in a market failure. The market for seafarers, without government intervention, results in an unacceptable outcome for seafarer welfare. There is therefore a rationale for intervention to correct this market failure to improve welfare for seafarers.

### **3. SMART objectives for intervention**

The objective of this policy is to introduce the powers to add requirements to the declaration system in the Seafarers Wages Act. The intended outcome is to allow regulations to specify what the additional requirements are and what services they apply to. When regulations are introduced in the future, an impact assessment will be produced with a thorough and proportionate cost and benefit analysis.

This measure is specific, with an objective of securing the powers to implement a mandatory Seafarers' Charter. The outcome is measurable, as compliance with the standards we set will be monitored. The measure is achievable, through the introduction of secondary legislation. It is relevant to the maritime sector, as welfare issues such as fatigue are widely reported, and it is timely, given that French legislation addressing similar issues came into force on 30 June 2024.

This aligns with an overall objective to ensure seafarer safety and welfare at sea, as well as the safety of passengers and of the UK marine environment".

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

The introduction of the measures will provide the powers necessary to implement a mandatory Seafarers' Charter. The measures introduced using these powers will secure good quality seafarer employment aboard services with a close connection to the UK.

### **5. Summary of long-list and alternatives**

No further options were considered as part of this impact assessment. Regulation must be used to introduce a mandatory Seafarers' Charter. A voluntary Charter was introduced previously, but the take-up from industry was not sufficient to achieve the objectives of high welfare for seafarers on vessels regularly calling at UK ports. As non-regulatory interventions have not met the objectives, a regulatory approach is the preferred option.

## 6. Description of shortlisted policy options carried forward

No short listed options other than the preferred option were considered.

Small or micro businesses are not expected to be impacted by this legislation, and therefore no mitigations are required to limit the impacts on these firms.

Based on the scope of vessels calling to UK ports 120 times per year, the Seafarers' Wages Act estimated that no small or micro businesses are likely to be in scope by this definition. The majority of vessel types impacted will be either roll-on-roll-off (roro) or roro and passenger ferries (ro-pax), and the number of seafarers needed to staff these vessels, combined with the fact that it is unlikely that a firm owns only one vessel, is likely to be more than 50, therefore excluding small and micro businesses.

Medium businesses (50-499 employees) may be impacted by this legislation. No exemption has been considered for medium sized businesses, as seafarers should receive the same protections regardless of the size of the business they are employed by, and therefore any exemptions would not meet the objectives of ensuring good working conditions for seafarers.

## 7. Regulatory scorecard for preferred option

### Part A: Overall and stakeholder impacts

| (1) Overall impacts on total welfare                      |   | Directional rating  |
|---|---|---|
| <b>Description of overall expected impact</b>             | There is expected to be a small familiarisation cost to firms from this measure, and seafarers are expected to benefit from this measure due to benefitting from subsequent measures introduced to improve their welfare. | <b>Positive</b><br>Based on all impacts (incl. non-monetised) |
| <b>Monetised impacts</b>                                  | The net present social value is based on familiarisation costs for firms in scope only. This is estimated to be -£969 in the central scenario, with a range of -£359 to -£2,029.  | <b>Negative</b><br>Based on likely £NPSV                      |
| <b>Non-monetised impacts</b>                              | A small non-monetised benefit to seafarers has been identified, as seafarers will benefit from any measures introduced into the Charter to improve their welfare.   | <b>Positive</b>   |
| <b>Any significant or adverse distributional impacts?</b> | No adverse distributional impacts have been identified.   | <b>Neutral</b>  |

## (2) Expected impacts on businesses

|   |  |   |
|---|--|---|
| <b>Description of overall business impact</b>             | Only a familiarisation cost is identified for businesses, which is estimated to be small.  | <b>Negative</b>   |
| <b>Monetised impacts</b>                                  | The business net present value is based on familiarisation costs for firms in scope only. This is estimated to be -£969 in the central scenario, with a range of -£359 to -£2,029. The cost for each business is expected to be £21.02 for familiarisation, with a range of £8.65 to £40.02. | <b>Negative</b><br><b>Based on likely business £NPV</b> |
| <b>Non-monetised impacts</b>                              | There are no significant non-monetised costs or benefits to businesses.  | <b>Neutral</b>  |
| <b>Any significant or adverse distributional impacts?</b> | No adverse distributional impacts have been identified.  | <b>Neutral</b>  |

## (3) Expected impacts on households

|   |   |   |
|---|---|---|
| <b>Description of overall household impact</b>            | Seafarers will overall benefit from this measure as they would benefit from any Charter measures which is introduced subsequently to improve their welfare.       | <b>Positive</b>   |
| <b>Monetised impacts</b>                                  | No household impacts have been monetised. The household net present value is therefore estimated to be £0.  | <b>Neutral</b><br><b>Based on likely household £NPV</b> |
| <b>Non-monetised impacts</b>                              | A small non-monetised benefit to seafarers has been identified, as seafarers will benefit from any measures introduced into the Charter to improve their welfare. | <b>Positive</b>   |
| <b>Any significant or adverse distributional impacts?</b> | No adverse distributional impacts have been identified.   | <b>Neutral</b>  |

## Part B: Impacts on wider government priorities

| Category  | Description of impact            | Directional rating |
|---|----------------------------------|--------------------|
| <b>Business environment:</b><br><br>Does the measure impact on the ease of doing business in the UK?                                | No impacts have been identified. | Neutral            |
| <b>International Considerations:</b><br><br>Does the measure support international trade and investment?                            | No impacts have been identified. | Neutral            |
| <b>Natural capital and Decarbonisation:</b><br><br>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. Any measures included in the Charter will be assessed in impact assessment accompanying secondary legislation.

This monitoring and evaluation will vary depending on the content of the secondary legislation, but examples of what could be included in the monitoring includes:

- Stakeholder engagement through consultation
- Changes to deadweight tonnage registered to the UK flag
- The number of seafarers active in the UK could be monitored using Department for Transport statistics<sup>7</sup>
- For measures which improve safety, accident rates and causes could be monitored through data published by the Marine Accident Investigation Branch (MAIB)<sup>8</sup>
- Changes to the price of freight could be monitored, if a suitable data source is identified.

## 9. Minimising administrative and compliance costs for preferred option

<sup>7</sup> [Seafarer statistics: data tables](#)

<sup>8</sup> [MAIB annual reports](#)

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

## Declaration

Department:

Department for Transport

Contact details for enquiries:

maritime@dft.gov.uk

Minister responsible:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed:

Date:

## Summary: Analysis and evidence

Price base year:

PV base year:

|   | <b>1. Business as usual (baseline)</b>   | <b>2. Preferred way forward</b>   |
|---|--|---|
| <b>Net present social value</b>                     | £0, as this is the counterfactual against which other options are assessed.  | The net present social value is based on familiarisation costs for firms in scope only. This is estimated to be -£969 in the central scenario, with a range of -£359 to -£2,029.  |
| <b>Public sector financial costs</b>                | £0, as this is the counterfactual against which other options are assessed.  | No public sector costs are anticipated.   |
| <b>Significant un-quantified benefits and costs</b> | £0, as this is the counterfactual against which other options are assessed.  | There is a non-monetised benefit for seafarers.   |
| <b>Key risks</b>                                    | There is a risk that without action, there will be a race to the bottom concerning standards for seafarer employment conditions in order to remain competitive. This could have negative implications for safety and seafarer welfare. | There is a risk that uncertainty as to use of the powers could deter investment. However, it is considered that this risk is managed by the Department engaging with the sector to signal the Department's intentions, and that any proposed use of |

|  |   |  |
|--|---|--|
|  |   | the powers would be the subject of consultation. |
| <b>Results of sensitivity analysis</b> | £0, as this is the counterfactual against which other options are assessed. | No sensitivity analysis was undertaken.          |



# 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,<sup>9</sup> with 91,000 vessels calling at UK ports in 2023.<sup>10</sup>

The maritime sector directly contributed around £18.7 billion to UK gross value added (GVA) and directly supported around 227,000 jobs in 2019.<sup>11</sup> An estimated 24,100 UK seafarers were active at sea in 2023.<sup>12</sup>

### Problem under consideration

This measure allows for the Seafarers Wages Act<sup>13</sup> to be amended so that further provisions may be made to benefit seafarers, resembling some requirements from the voluntary charter<sup>14</sup>.

The goal of this measure is good quality seafarer employment. A voluntary charter was published in July 2023<sup>15</sup>, but not all companies operating services in scope have signed up. Introducing the mandatory Seafarers' Charter as part of the Seafarers' Wages Act would ensure good quality seafarer employment across the sector.

The requirements and implementation of the Charter will be introduced via secondary legislation. Detailed impact assessments will accompany the statutory instruments to ensure the full impacts are considered in line with the Better Regulation Framework and Regulatory Policy Committee guidance.<sup>16,17</sup>

### The scope of this measure

The ability to make regulations to give effect to elements of the Charter would apply in respect of operators of vessels providing frequent services to the UK, defined as services calling at a UK port at least 120 times per year. This is justified by the close connection that seafarers working on such services have to the UK. It is anticipated that a service will be defined as the carriage of persons or goods by ship, with or without vehicles, between a specific place outside the United Kingdom and a specific place in the United Kingdom. Multiple ships may provide the same service if it is being marketed to the consumers as the same service by the same provider. Some or all provisions made under these regulations may apply only to passenger vessels, or on specific routes.

Estimates on the number of vessel owners impacted, and a breakdown of the journeys by each type of vessels in scope, has been produced using data used in the Seafarers' Wages Act impact

---

<sup>9</sup> [DfT Transport Statistics Great Britain 2022](#), Department for Transport, December 2023

<sup>10</sup> [Port Freight Annual Statistics 2023](#), Department for Transport

<sup>11</sup> [State of Maritime Nation 2022](#), Maritime UK

<sup>12</sup> [Seafarers in the UK Shipping Industry](#), Department for Transport, 2023

<sup>13</sup> [Seafarers' Wages Act, 2023](#)

<sup>14</sup> [The Seafarers' Charter](#), Department for Transport, July 2023

<sup>15</sup> [The Seafarers' Charter](#), Department for Transport, July 2023

<sup>16</sup> [Better Regulation Framework](#), Department of Business and Trade, September 2023

<sup>17</sup> [Case histories: assessment and scoring of primary legislation measures](#), Regulatory Policy Committee, August 2019

assessment.<sup>18</sup> It should be noted that this does not mean that all regulations made under this power would apply to all vessels within that scope. This data is from 2019 and has not been updated as data from 2020 to 2022 was impacted by COVID-19. Data from 2023 was not available at the time of drafting this IA and will be analysed separately.

*Table 1: vessels estimated to be in scope*

| Vessel type                | # vessel-journeys in scope | % of 2019 vessel-journeys in scope |
|----------------------------|----------------------------|------------------------------------|
| Roll-on-roll-off/passenger | 51,285                     | 98%                                |
| Roll-on-roll-off           | 10,592                     | 70%                                |
| Container                  | 868                        | 7%                                 |
| Liquid bulk                | 0                          | 2%                                 |
| Dry bulk                   | 129                        | 0%                                 |
| Work                       | 0                          | 0%                                 |
| Special                    | 0                          | 0%                                 |
| Cruise                     | 0                          | 0%                                 |

A central scenario for number of owners in scope has been used, with a high/low estimate provided using a +/- 10% range. As the scope of the measures could vary, the widest scope option has been used in this analysis to ensure that all potential owners impacted are included in the cost estimate.

*Table 2: number of owners estimated to be in scope*

|                           | Low | Central | High |
|---------------------------|-----|---------|------|
| Number of owners in scope | 42  | 47      | 52   |

## Rationale for Intervention

This policy proposal is to introduce the powers which would enable the introduction of a mandatory Seafarers Charter. The March 2022 dismissal by P&O Ferries of 786 seafarers and their replacement by agency crew working at sea for much longer, up to 5 months at a time, risked a race-to-the-bottom on working conditions to cut costs. This cannot be resolved without intervention – a voluntary charter is currently in place<sup>19</sup> and limits the lengths of tours of duty on high-intensity routes, but not all of the companies operating services in scope have signed up to it. To ensure seafarers are entitled to the same protections regardless of the operator they work for, government intervention through regulation is required.

French legislation that entered into force on 1 July 2024 requires that seafarers working aboard passenger ships operating a regular international service between France and the UK or Channel Islands (i.e. entering a French port at least 120 times per year) must be paid at least the French minimum wage, and should have a maximum time on board of 14 consecutive days, followed by an equal period off (21 days for those in training). However, if that legislation is repealed, amended or successfully challenged on EU or international law grounds, seafarers working on cross-Channel services would lose those protections.

There are several market failures, including equity and externalities, which support the introduction of a mandatory Seafarers Charter.

## Overview of market failures

<sup>18</sup> 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.

<sup>19</sup> [The Seafarers' Charter](#), Department for Transport, July 2023

Some of the mechanisms through which market failures can be addressed through government intervention are outlined below:

- Measures which reduce accidents and incidences at sea can reduce externalities to other vessels, seafarers, or the marine environment, as other vessels can be involved in incidences or incidences can damage the marine environment.
- Measures which improve conditions for seafarers at work will improve welfare.
- Measures that reduce the ability of operators to cut costs by compromising safety or wellbeing, creating a level playing field for operators who adhere to an appropriate standard of working conditions and improving welfare for seafarers.

There is therefore a rationale for intervention to correct these market failures to improve welfare for seafarers or reduce the externalities that arise from the current working conditions of seafarers.

### Seafarer welfare

There is evidence that long voyages and fatigue are detrimental to seafarers' mental health and wellbeing.<sup>20,21</sup> The roster patterns used can have an impact on fatigue.

The findings from the first<sup>22</sup> phase of Department for Transport commissioned research showed that there are lots of other factors that can influence a seafarers' fatigue. These included: working night shifts; difficulty relaxing; and poor sleep quality.

Research shows that, even with adequate sleep and roster times, fatigue can still be an issue due to poor quality sleep.<sup>23</sup>

Legislating for rest and tours of duty would help to address these market failures by reducing fatigue.

### Externalities

The safety risk from fatigue impacts not only the seafarers who experience fatigue, but also others, including others on the vessel or even on other vessels due to an increased risk of incidences and accidents. The Marine Accident Investigation Branch has linked incidents in the past to fatigue<sup>24,25</sup>, as has the European Maritime Safety Agency.<sup>26</sup>

Allowing for regulations to specify requirements that operators must adhere to, that are additional to the current provision of the Seafarers Wages Act, would result in the opportunity to address these externalities and improve welfare for seafarers.

## **Description of options considered**

Two options have been considered:

---

<sup>20</sup> [Standard Safety: Seafarer Wellbeing](#), Standards Club, 2022

<sup>21</sup> P10, [Understanding Seafarer Suicide and Under Reporting](#), Department for Transport, June 2022

<sup>22</sup> P23, 26-27, [Understanding Seafarer Roster Patterns and Fatigue on Vessels](#), Department for Transport, June 2023

<sup>23</sup> P10, [Understanding Seafarer Suicide and Under Reporting](#), Department for Transport, June 2022

<sup>24</sup> [Report on the investigation of the grounding of the general cargo vessel Kaami](#), Maritime Accident Investigation Branch, March 2020

<sup>25</sup> [Contact with Oikos Jetty 2 by chemical tanker Ali Ka](#), Maritime Accident Investigation Branch, July 2024

<sup>26</sup> [European Maritime Safety Report](#), European Maritime Safety Agency, 2022

Option 0: do nothing. In this scenario, no regulations will be introduced, and the optional Seafarers' Charter will remain in place.

Option 1: create a power to introduce elements of a mandatory Seafarers' Charter (preferred option).

No non-regulatory options have been considered. A voluntary Charter is already in place, but not all companies operating services in scope have signed up to it. Some operators have been clear that they will not commit to a voluntary arrangement, either because they do not think it goes far enough, or because they oppose regulation beyond international minimums.

A wider scope (such as including services which call less regularly than 120 times per year) was considered but not taken ahead to the short list for analysis. The scope of 120 times per year captures services that are very frequently entering UK ports and accordingly, the UK has a strong interest in ensuring the welfare of seafarers and passengers on those services when they enter the UK. A wider scope may begin to capture some services where the UK does not have as strong an interest. 120 times a year is the frequency requirement of both the Seafarers' Wages Act<sup>27</sup> and the French legislation, so this approach provides consistency with these measures. Using the scope outlined in this impact assessment is more achievable whilst still meeting the overall objective of improving conditions for seafarers with close connections to the UK.

## **Summary and preferred option with description of implementation plan**

The preferred option of including the provision to allow for the introduction of a Seafarers' Charter has been taken forward in the light touch analysis below.

The individual measures included in the Charter will be set out in secondary legislation, and detailed cost analysis will be included alongside regulations in impact assessments. This analysis will include consideration of pass-through costs to consumers and the costs on the UK economy.

## **Costs and benefits to business calculations**

Costs and benefits will be fully considered in secondary legislation, as the primary legislation alone does not have any ongoing costs associated with it.

The costs of potential interventions at secondary legislation have not been monetised, as the policy details are being developed. The magnitude of the costs depends on several factors, including the nature of the measure and the scope the measure applies to. The Charter provides powers to cover remuneration, tours of duty, familiarisation training and fatigue management plans. Some aspects, such as familiarisation, are expected to have small costs, either due to a high degree of existing voluntary compliance or requirements already covered in existing legislation such as the Maritime Labour Convention.<sup>28</sup> However, some interventions, such as around working patterns, are anticipated to have a higher cost to operators, and a greater benefit to seafarers. If these measures are included as part of secondary legislation, a full cost analysis and impact assessment will be produced.

## **Costs**

To ensure that the costs to business associated with the primary legislation are fully reflected, a familiarisation cost estimate has been provided.

---

<sup>27</sup> [Seafarers' Wages Act](#), UK Legislation, 2023

<sup>28</sup> [Seafarer working and living rights](#), gov.uk, 2014

The implementation year is 2025 for this analysis and a 2023 price year is used unless otherwise stated.

### 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)<sup>29</sup> for an hourly wage and adjusted for non-labour costs using the Transport Analysis Guide non-wage uplift.<sup>30</sup>

*Table 3: labour cost assumptions*

|                                     | Low                         | Central | High                        |
|-------------------------------------|-----------------------------|---------|-----------------------------|
| Percentile                          | 25 <sup>th</sup> percentile | Mean    | 75 <sup>th</sup> percentile |
| ASHE hourly wage                    | £13.68                      | £16.62  | £21.09                      |
| Non-wage uplift                     | 26.5%                       | 26.5%   | 26.5%                       |
| Labour cost per hour 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

Data has been taken from the Seafarers’ Wages Act analysis, which used data from 2019<sup>31</sup> as data from 2020 to 2022 are impacted by the COVID-19 pandemic. The number of vessel owners impacted by the Act was estimated at 47 firms. For sensitivity analysis, a +/- 10% range has been used.

### Monetised cost: familiarisation costs

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

*Table 4: familiarisation costs*

|                                       | Low     | Central | High      |
|---------------------------------------|---------|---------|-----------|
| Labour cost (per hour per individual) | £17.31  | £21.02  | £26.68    |
| Time assumption (hours)               | 0.5     | 1       | 1.5       |
| Cost per firm                         | £8.65   | £21.02  | £40.02    |
| Number of firms in scope              | 42      | 47      | 52        |
| Cost across all firms                 | £366.00 | £988.14 | £2,068.94 |

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.

### Costs to ports

The cost to ports is expected to be negligible. The duties placed on ports will not differ from, nor add substantially to the existing requirements in the Seafarers’ Wages Act. However, any impacts will be fully assessed as individual measures are introduced through future impact assessments.

<sup>29</sup> [Annual Survey of Hours and Earnings, Table 14.5a](#), 2023 provisional data set, Office for National Statistics

<sup>30</sup> [Transport Appraisal Guide Unit A4-1 Social Impact Appraisal](#), Department for Transport, 2019

<sup>31</sup> 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.

## Benefits

Benefits to the introduction of the Charter will vary depending on the measures included, but all measures will benefit seafarers by improving the conditions they work under.

There could also be benefits to other vessels and the marine environment if measures result in a safer working environment, reducing the risk of incidences at sea.

There would also be a benefit to firms whose existing practices are providing good quality working conditions, as they would not face pressures to cut costs to compete with other firms by reducing the standards of working conditions, resulting in a race to the bottom for labour conditions.

## Summary

This results in the following total costs, in 2024 prices and 2024 present value. A ten year appraisal period has been used, and a discount rate of 3.5% was used.

*Table 5: net present value and equivalent annual net direct cost to business*

|   | Low   | Central | High    |
|---|-------|---------|---------|
| Net present social value                      | -£359 | -£969   | -£2,029 |
| Net present business value                    | -£359 | -£969   | -£2,029 |
| Equivalent annual net direct cost to business | £42   | £113    | £236    |

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

No significant non-monetised impacts have been identified.

## Impact on small and micro businesses

Small or micro businesses are not expected to be impacted by this legislation, and therefore no mitigations are required to limit the impacts on these firms.

Based on the scope of vessels calling to UK ports 120 times per year, the Seafarers' Wages Act estimated that no small or micro businesses are likely to be in scope by this definition. The majority of vessel types impacted will be either roll-on-roll-off (roro) or roro and passenger ferries (ro-pax), and the number of seafarers needed to staff these vessels, combined with the fact it's unlikely that a firm owns only one vessel, is likely to be more than 50, therefore excluding small and micro businesses.

Medium businesses (50-499 employees) may be impacted by this legislation. No exemption has been considered for medium sized businesses, as seafarers should receive the same protections regardless of the size of the business they are employed by, and therefore any exemptions would not meet the objectives of ensuring good working conditions for seafarers.

## UK impacts

The main costs and benefits to the Charter may directly impact UK owned firms or seafarers. Many of the seafarers impacted by the Charter are not UK residents or nationals, and the vessels may be owned, managed or flagged to countries overseas.

*Table 6: UK impacts by different groups*

| Category | # UK | % UK |
|----------|------|------|
|----------|------|------|

|   |        |     |
|---|--------|-----|
| Seafarers <sup>32</sup> (in the UK shipping industry) | 18,360 | 12% |
| Flagged vessels <sup>33</sup> (in scope of the bill)  | 7      | 7%  |
| Owners <sup>34</sup> (in scope of the bill)           | 9      | 19% |
| Managers <sup>35</sup> (in scope of the bill)         | 7      | 27% |

In the Seafarers' Wages Act analysis, the EANDCB was defined by UK ownership.<sup>36</sup>

## Other wider impacts

No wider impacts are expected as a result of this primary legislation, and more detailed analysis will be provided at secondary legislation stage to ensure that all impacts are fully considered, including environmental, business and trade impacts.

Competition impacts for the scope of 120 arrivals a year on a service were fully considered as part of the Seafarers' Wages Act impact assessment<sup>37</sup>, and this competition assessment was described by the Regulatory Policy Committee as "very thorough"<sup>38</sup>. This analysis is still relevant for this measure, and competition impacts will be fully considered in impact assessments for specific measures introduced for the Charter.

## Risks and assumptions

There is a risk that uncertainty as to use of the powers could deter investment by companies operating services that could be in scope of the use of the powers, and that have a preference for weaker regulation of working conditions. However, we consider that this risk is managed by the Department engaging with the sector to signal our intentions, and that any proposed use of the powers would be the subject of consultation.

The following assumptions have been used in the analysis:

- Non-wage uplift has been taken from the Transport Analysis Guide.<sup>39</sup>
- 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.<sup>40</sup>
- The estimate of the number of 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. Analysis of 2023 data was not available at the time of drafting this IA, but this data will be analysed when available. The number of vessels operating and the flag state of these vessels may have changed over time, and a range has been provided to account for this uncertainty.
- The proportion of UK national seafarers at sea uses Chamber of Shipping members only, so non-members would not be represented in these figures. However, membership is representative of the UK shipping industry as a whole.
- The proportion of UK national seafarers at sea is also for all vessels, rather than the vessels in scope of the bill, but it is assumed that this is representative of the vessels in scope.

<sup>32</sup> All seafarers at sea, by nationality group, UK Chamber of Shipping member companies. [Seafarer Statistics](#), table SFR0303, Department for Transport, 2023. Note that this may vary by vessel type and so is intended to be indicative only for this purpose.

<sup>33</sup> From 2019 data on vessels in scope.

<sup>34</sup> From 2019 data on vessels in scope.

<sup>35</sup> From 2019 data on vessels in scope.

<sup>36</sup> [Seafarers' Wages Bill impact assessment](#), Department for Transport, 2022

<sup>37</sup> [Seafarers' Wages Bill impact assessment](#), Department for Transport, 2022

<sup>38</sup> [Regulatory Policy Committee opinion of the Seafarers' Wages Bill impact assessment, 2022](#)

<sup>39</sup> [Transport Appraisal Guide Unit A4-1 Social Impact Appraisal](#), Department for Transport, 2019

<sup>40</sup> [Annual Survey of Hours and Earnings, Table 14.5a](#), 2023 provisional data set, Office for National Statistics

- A 3.5% discount rate is used, along with an annuity rate of 8.608, with the reforms version of the Impact Assessment Calculator.<sup>41</sup>

---

<sup>41</sup> [Impact assessment and options assessment calculator, reforms 2023](#), Department for Business and Trade, 2023