

Dept:	Maritime and Coastguard Agency (Department for Transport)
Name of measure:	The Merchant Shipping (International Safety Management) (ISM Code) Regulations 2025
RP Register ref:	[RPC to complete]

Please provide evidence supporting the consideration and discounting alternatives for regulation

These amendments are identified as requiring consideration under the Retained EU Law (Revocation and Reform) Act 2023. As such they are not creating any new provisions as they are simply being restated as UK domestic legislation. Without having these Regulations in place, it will severely restrict the UK's ability to fulfil our obligations as a signatory to the International Convention for the Safety of Life at Sea (SOLAS), 1974, where in Chapter IX the International Safety Management Code (ISM Code) was introduced. The ISM Code entered into force on 1st July 1998. There is no other viable alternative to Regulation. Four options have been considered: The Do-nothing approach, a non-regulatory approach, a regulatory approach and a reduced scope regulatory approach. The policy option of amending the Merchant Shipping (International Safety Management) (ISM Code) Regulations 2014 and keeping the expanded scope is the preferred option. A non-regulatory approach has also been considered which would include providing guidance and advice to industry however the UK would be unable to enforce and implement the obligations of the ISM Code and SOLAS Chapter IX, and not fulfil its international obligations under the ISM Code as a highly influential member of the IMO. Reducing the scope of the Regulations would reduce safety and so this has also been ruled out.

Please provide consideration of any relevant past evaluation (including PIRs)

The Regulations were evaluated by a Post Implementation Review (PIR) that was published in Dec 2021. The review concluded that there were no unintended consequences and that there had been a downward trend in the number of deficiencies between 2014, when the Regulations entered into force and 2018. The PIR went on to say that this downward trend could not, with certainty, be attributed solely to the 2014 Regulations. Based on the statements provided in the PIR, the MCA has not found any opportunities to reduce the burden on industry, as the 2014 Regulations comply with the pre-existing international standards regarding safety standards and pollution prevention measures and as such there is little scope to change the 2014 regulatory requirements placed on industry, due to them being derived from an agreed international standard.

Please provide an assessment (or estimate) of direct business impacts (EANDCB) justifying the application of de minimis

The equivalent annual net direct cost to business (EANDCB) for this policy is £2,400 in 2023 prices and in 2025 present value, in the central scenario, well within the +/- £10m EANDCB de minimis assessment (DMA) criteria. Even in the high scenario (worst-case scenario), the EANDCB is £5,700 still below the £10 million boundary. The measure does not have contentious or novel elements, significant wider social, environmental, financial or

economic impacts, distributional impacts, large gross impacts, or disproportionate impacts on small, micro and medium businesses.

Please provide a short qualitative summary of the wider impacts on the new regulatory scorecard

The new Regulations will remove the link between the UK ISM regime and the relevant EU Regulation, and introduce an ambulatory reference to improve the UK's responsiveness to implementing updated international standards. There will be a small impact to the public sector arising from familiarisation for Maritime and Coastguard Agency (MCA) surveyors on the new regulations, and a non-monetised benefit of preserving the reputation of the United Kingdom and maintaining the attractiveness of the UK flag by continuing to maintain the UK fleet's compliance with the International Safety Management Code. The main direct costs to business will include the small cost of familiarising with the new statutory instrument and accompanying guidance notes for ship crews and safety management company employees. The continuing advantages of ships' compliance with the ISM Code include crews' confidence in the safety of their ships and the ability of the UK to efficiently update the Code to continue to provide an international standard for the safe management and operation of ships for pollution prevention. Indeed, the removal of the possibility of ambiguity between the obligations of the ISM Code and our legislative requirements which will result from ambulatory reference will give better clarity to stakeholders and industry partners on structural and operational safety requirements. No adverse impact on the environment, the safety of personnel or vessels, or individuals is anticipated as a result of this policy.

The application of the present regulations includes UK cargo ships of 500GT and above engaged in domestic voyages under the EU Regulation. As the intention is to not have the EU Regulation and definitions in the amended SI and to have a standardised approach to implementation without taking a step back on the safety of UK vessels, the scope of the new regulations will include the UK cargo ships of 500GT and above operating domestically in other countries that do not fall under the EU Regulation's definition of domestic voyage or international voyage. (Thus, the intention is to not make a distinction in the UK Regulations between EU member states and non-EU member states.)

De-Minimis Options assessment

Title: The Merchant Shipping (International Safety Management) (ISM Code) Regulations 2025

Type of measure: Secondary

Department or agency: Maritime and Coastguard Agency

DMA number:	DfTDMA383o...
RPC Register Reference:	...
Contact for enquiries:	hq_ismiso@mcga.gov.uk
Date:	...

1. Summary of proposal

The Maritime and Coastguard Agency (MCA)/ Department for Transport has not conducted an impact assessment for this measure as the direct impacts for business have been assessed at under £10m per year. Instead, light touch internal analysis has been conducted, the findings of which are presented below.

Rationale:

This DMOA relates to the Merchant Shipping (International Safety Management) (ISM Code) Regulations 2014 (SI 2014/1512) (“the 2014 Regulations”) which were implemented when the United Kingdom was a member of the European Union. As the United Kingdom is no longer a member of the European Union the 2014 Regulations have been identified as Assimilated/Retained European Law (A/REUL) and as a result will need to be amended to ensure that the United Kingdom domestic legislation remains fully operable without the need to rely on references to European Union instruments,

REUL is a category of domestic law created at the end of the transition period following the UK’s departure from the European Union and was implemented by the European Union Withdrawal Act. Since January 2024 it has become known as “Assimilated Law”. The main objective of REUL is to provide legal certainty, whilst minimising any substantive changes to United Kingdom domestic law at the point of transition. The 2014 Regulations are identified as requiring amendment under the powers given in the Retained EU Law (Revocation and Reform) Act 2023 (“the REUL Act”). They will be used in conjunction with other powers. Powers provided under the REUL Act cannot be used after 23 June 2026, so any legislative project relying wholly or partially on these powers must be completed by then.

The 2014 Regulations have been identified as requiring amendment as part of the REUL Act and as such will be restated as domestic UK law. The proposed Regulations implement Chapter IX of the SOLAS Convention, which remains unchanged from the 2014 Regulations. As a result, owners of internationally operating ships will already be compliant as they will need to meet the requirements of the ISM Code and SOLAS Convention. The proposed Regulations will provide the UK with the necessary updated regulatory framework needed to ensure that the UK continues to fulfil their international obligations as a signatory to the SOLAS Convention and a highly respected and leading member of the International Maritime

Organization (IMO). Maritime safety policy is retained by the Westminster Government and the scope of the proposed Regulations applies to the whole of the UK.

The existing 2014 UK Regulations and the 2006 European Regulation implementing the Code need to be replaced to ensure that UK domestic legislation implementing the ISM Code is fully operable post EU Exit, without needing to rely on references to EU instruments or repealed EU-related legal powers, and that the main legislation is contained in domestic merchant shipping legislation (rather than being set out in a combination of assimilated EU Regulations and s2(2) European Communities Act (ECA) implementing regulations) and an ambulatory reference will refer to the international ISM code directly instead of via EU instruments.

Articles 10 to 12 of Regulations (EC) 336/2006 contain an obligation for member states to report to the European Commission, as well as a number of provisions which relate to EU management and governance of their ISM legislation, which is no longer relevant to the UK. However, once the REUL powers are no longer available from June 2026, it will not be possible to revoke these provisions, so it needs to be done as part of this project.

However, the extended application of the ISM Code requirement is to be retained, as to do otherwise would reduce safety standards in the UK, which goes against desired policy.

It is intended to also introduce, to the extent that it applies to ships which fall under the scope of the ISM Code in SOLAS, an ambulatory reference to incorporate changes to the Code into UK law at the same time as they come into force internationally, without further secondary legislation being required.

The impact of the familiarisation costs on industry and MCA surveyors is expected to be low given the fact that the actual obligations on shipowners are overwhelmingly unchanged, the changes instead focussing on the reference to the legislative vehicle containing those requirements. With the use of Ambulatory Referencing (AR) to the International Safety Management Code ("the ISM Code"), future changes to the ISM Code will be implemented automatically, reducing costs to the government. As the proposed Regulations will not implement any new obligations it is expected that there will be no familiarisation costs as stakeholders and surveyors will already be fully conversant with the UK requirements of the ISM Code and the International Convention for the Safety of Life at Sea (SOLAS), 1974. The new Regulations will, however, revise the scope of the UK regime only to the extent that gaps in scope that have emerged over time will be eliminated.

2 Strategic case for proposed regulation

Policy Rationale

ISM Background

The origins of the International Safety Management Code ("the ISM Code") date back to the late 1980s when there were frequent safety and pollution incidents as a result of the poor practices used by ship operators and managers both onboard and ashore. At that time, it was estimated that a high proportion of maritime accidents were preventable mistakes and between 80% and 90% were attributable to human error. The loss of the Herald of Free Enterprise in 1987 resulted in the adoption of Resolution A.595 (15), by the International Maritime Organization (IMO) Assembly, which called on its Maritime Safety Committee to

develop guidelines in relation to shipboard and shore-based management to ensure the safe operation of roll-on-roll-off passenger ferries. The aim of the ISM Code is to provide a framework to enable managers, owners, bareboat charterers, and any other party responsible for the day-to-day functions of a ship to follow safe procedures, by focusing on improving the safe management and operation of ships.

The ISM Code was adopted by the IMO in November 1993 under Resolution A741 (18). The ISM Code came into force on 1 July 1998 through Chapter IX International Convention for the Safety of Life at Sea (SOLAS), 1974. The ISM Code provides the international standard for the safe management and operation of ships and for pollution prevention. The ISM Code applies to passenger ships including high speed craft (HSC), Oil tankers, Chemical tankers, Gas carriers, Bulk carriers, Cargo HSC of 500GT and upwards, other cargo ships and Mobile Offshore Drilling Units (MODUs) of 500GT and upwards. The obligation for meeting these objectives is with the company which manages the operation of the ship.

Following the loss of the MV Estonia in 1994 the Council of the European Union adopted Council Regulation (EC) No. 3051/95 (“the 1995 Regulation”) on 31 December 1995. The Council Regulation made compliance with the ISM Code mandatory from 1 July 1996 for seagoing Ro-Ro ferries operating a regular service to or from a port of an EU Member State. As a consequence of the UK’s exit from the European Union the Merchant Shipping (International Safety Management (ISM) Code) Regulations 2014 (SI 2014/1512) (“the 2014 Regulations”) require amendment, considering they reference Council Regulation (EC) 336/2006 (“the 2006 Regulation”) which repealed and replaced Regulation (EC) 3051/95. The UK’s post-EU status requires obligations in the assimilated 2006 Regulation to be replaced with provisions in UK legislation, and Articles 10-12 of the 2006 Regulation which needs to be revoked from the 2006 Regulation require Retained EU Law (Revocation and Reform) Act 2023 (“REUL Act”) powers to do so.

Considering that Articles 10-12 of the assimilated 2006 Regulation and which relate to reporting requirements and obligations on the Commission, will be revoked using the powers given in the REUL Act 2023. Without replacing/amending the 2014 Regulations the UK will be unable to enforce and implement the obligations of the ISM Code on both UK flagged wherever they may be, and non-UK flagged vessels whilst in UK waters.

UK registered ships operating domestically in other countries

The 2014 Regulations lack clarity in the area of application to certain UK registered vessels operating on domestic voyages (including passenger ships and cargo ships of 500 Gross Tonnes and above) in other countries outside of the EU, but the likely interpretation is considered to be that the existing regulations may not apply to such ships, although the MCA in practice, would expect compliance. This does not seem to have been a problem to date as we believe very few UK ships are operating in this way, although this belief will be tested at public consultation.

However, we need to ensure that the new Regulations capture any UK ships which may operate in this manner in the future, as it is appropriate for these types of ships to comply with the ISM standard due to their size or nature of operation.

Roll-On, Roll-Off (RO-RO) Passenger Ships in Categorised Waters

Categorised Waters are areas of water which do not count as “sea” and are set out in [MSN 1837\(M\) Amendment 3](#). Although most Category A to C waters are inward of the coast, some (mainly Category D) waters are some of the more sheltered waters external to the coast.

When the 2014 Regulations were introduced, the requirement for RO-RO passenger ships to comply with the ISM Code, which had previously been in place, was not carried forward. No record has been found indicating an intentional policy change at that time. The new Regulations reinstate this requirement; however, there is no practical impact as all such vessels are already operating in compliance with the ISM Code.

Offences and Penalties

While the offences and penalties from the 2014 Regulations are broadly carried forward to the new Regulations, a recent situation has highlighted the need to re-focus one of the offences.

Currently, the method of enforcing compliance with the ISM Code is through the vessel’s certification. This means that provided the vessel carries valid ISM certification, it is considered compliant with the ISM Code. This leaves a gap in that if the Safety Management System is deficient in that it does not fully implement the Code, there is no method of enforcing this. Given the existing Regulations apply to both UK ships wherever they are, and also non-UK ships in UK waters, this certification could have been issued by the UK or non-UK administrations.

There are therefore difficulties in enforcing the existing regulations when it comes to foreign flagged (non-UK) vessels if their safety management system is considered inadequate. Under the current provisions as long as the vessel has a valid certificate, there can be no prosecution. There may be some tenuous challenge in suggesting the certificate is not valid as the vessel doesn’t comply with Part A of the ISM code, but this is not considered sufficiently robust.

In the new Regulations, offences will expressly include non-compliance with the International ISM Code as well as evidence of the same in the form of certification. In this way, the international requirement for the UK to enforce the Code effectively will be achieved more robustly in UK law, and this lacuna will be removed.

An offence for falsifying relevant documents has also been included as this is a matter which is difficult to prosecute using more general fraud legislation. Economic rationale and government intervention

The economic rationale is based on a market failure with respect to safety and pollution. Regarding safety, there is a negative externality: vessel owners do not bear all the costs from incidents to crew, as there are some costs (the social costs) which are taken by society (e.g. loss of production and consumption), leading to an underinvestment in safety. A similar phenomenon happens for pollution: the costs of damages to the environment are not entirely falling on the vessel owners at the origin of the incident. This creates a negative externality with respect to the environment. A market solution would not solve these market failures as it could not correct the stakeholders’ incentives (in terms of private costs and benefits), which means that an intervention is justified. With higher safety standards enforced by the regulator, the social costs of these incidents can be internalised. In other words, vessels owners bear the costs of the incidents they create.

Government intervention is required to address this negative externality, by ensuring compliance with the internationally required standards with respect to the safety of the

marine/maritime environment. The intervention would address the market failure, by ensuring high safety and anti-pollution standards are followed by ship owners, addressing the negative externalities.

3. SMART objectives for intervention

- This policy is specific, measurable, achievable, relevant and timely (SMART).

The International Maritime Organization's (IMO) International Safety Management (ISM) Code has been in UK law since before the turn of the millennium. Its primary objectives are:

- to ensure safety at sea;
- prevent human injury or loss of life;
- avoid damage to the environment, in particular the marine environment and to property.

- .

The main policy objectives of these Regulations are:

To enable the UK to continue to enforce the ISM Code, continuing the scope of the existing UK Regulations, on both UK flagged vessels wherever they may be, and non-UK flagged vessels whilst in UK waters; To implement changes to the obligations of the ISM Code agreed by the UK in the IMO; To revoke the assimilated version of the EU Regulation. Those aspects of the instrument which are required to maintain the existing application of the Code will be instead included in the new UK Regulations, while those provisions which relate to member state obligations to the European Commission, or which regulate the EU's management or governance of the Code will be revoked with the EU Regulation. The new regulations will also apply to UK cargo ships above 500GT on domestic voyages in other countries. These ships are arguably not within the scope of the previous regulations.. It is our understanding that there are very few vessels falling into this category at the present time. The existence of such vessels cannot be established from UK shipping databases, as only the place of survey is recorded, and not the geographical pattern of operation. Consultation will seek to establish how many vessels operate in this way.

Additionally, it has been identified that RO-RO passenger vessels operating in Categorised Waters have been excluded from the scope of the UK ISM regime since the 2014 Regulations came into force. This is believed to have been an error. This requirement will be restored by the new Regulations, but there will be no impact as all such vessels currently operating are already required to be ISM compliant.

These objectives are specific since the goals of placing requirements in one UK instrument, including an ambulatory reference in the new Regulations and revoking the old EU Regulation are clear and specified. The objectives are measurable because it will be possible to ascertain whether these goals have been achieved by checking the provisions on the face of the Regulations, and Safety management audits will demonstrate operators' continued compliance with the Code, through the updated Regulations. The objects of the regulations are achievable because all the proposed changes are achievable through

amendments to legislation. All the goals are realistic because the necessary provisions can be drafted using a combination of ss85/86 of the Merchant Shipping Act 1995, the Merchant Shipping (Control of Pollution) (SOLAS) Order 1998 and ss12 and 14 of the Retained EU Law (Revocation and Reform) Act 2023. The objectives are time-limited as the Regulations must be completed by 23 June 2026 at the latest, because REUL powers are being used, and then cannot be used after this date. The EU Regulation cannot be revoked prior to the new Regulations coming into force because this would create a lacuna (gap) in the law governing the ISM Code.

The proposed Regulations uphold the government's commitment to maintaining safety, as well as the requirement to have legislation that is within the power of the UK parliament to amend as required. HMG objectives change periodically. However, these Regulations are identified as REUL/AEUL and must be in place before June 2026. For the reasons mentioned above they are also a necessity for the MCA as without them in place, the MCA will not have the powers required to ensure the associated safety standards on board ships are adequately and appropriately maintained.

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

The proposed Regulations will provide the UK with the necessary regulatory framework needed to ensure that the UK fulfils their international obligations as a signatory to the SOLAS Convention and a highly respected and leading member of the International Maritime Organization (IMO). Maritime policy is retained by the Westminster Government and the scope of the proposed Regulations applies to the whole of the UK. The following options have been considered:

Option 0 – Do nothing – Do nothing is therefore not considered to be a realistic option. If the 2014 Regulations are not amended using the REUL powers, when those powers cease in June 2026 the UK will be unable to fulfil and enforce some of the international obligations that are applicable as a signatory to the SOLAS Convention. The Maritime and Coastguard Agency (MCA) is required to action the change and an unactioned action will not reflect well on the Department.

Option 1 – Publish M Notice/advice to industry (non-regulatory) Publishing guidance is not considered a suitable option, as it will not bring about the necessary legislative change. If we do not amend the regulations, the additional vessels which were captured by the EU regulation would fall out of the application although the SOLAS-mandated vessels would still be captured in the current SI. Publishing guidance would also not fulfil our international obligations under the ISM Code as a highly influential member of the IMO.

Option 2 – Publish/amend SI (Regulatory) Amend the Regulations to revoke the 2006 Regulation, and base the requirements in the Regulations, with an Ambulatory Reference (AR) directly to the international ISM Code, which would allow future revisions to the ISM Code, which the UK accepts and approves, to be automatically incorporated into UK law in the circumstances specified in the secondary legislation. **This is the preferred option.**

Option 3 – As for Option 2 but with a reduced scope, i.e., pared back to the International requirements rather than the EU requirements. This is not considered a viable Option as

the reduction in the number of vessels to which it applies would reduce safety standards which goes against government policy.

The objectives are specific (to enable the UK to continue to enforce the ISM Code), measurable (via monitoring volume and performance), achievable (via an SI and an MGN), relevant to the shipping industry and the UK's reputation as a well performing coastal state and the MCA, and timely (there is a set timeframe for implementation).

5. Summary of long-list and alternatives

These Regulations were identified as requiring amendment under the Retained EU (Revocation and Reform) Act 2023. As a result, identifying other options aside from those that are listed has not been considered. Although a non-regulatory option was considered as part of the long list appraisal, it was subsequently discounted as there is no viable alternative to Regulation as the UK must have the underpinning legislation in order to fulfil international obligations as a signatory to ISM Code and SOLAS.

Maritime safety measures apply equally across all businesses whether large or small. Therefore, small and micro businesses remain within the scope of the Regulations.

Implementation costs are assumed to be one-off and incurred in the implementation year of 2025.

The ships and companies impacted by the proposed amendments to regulations are UK and non-UK flagged ships, however the focus of our analysis will be on UK flagged ships of 500GT or more which are issued with an ISM certification and also UK ship management companies which are issued with an ISM certification. According to the MCA policy team there were 637 UK flagged ships and 102 companies issued with an ISM certification as of 15/11/2023, with the number decreasing to 602 and 94 respectively as recorded on the 09/04/2024. The implementation year for the regulations is 2025, hence the first year of the appraisal. Thus, the number of ships and companies which will be in scope of the regulations in 2025 has to be calculated by first determining their growth rates in preceding periods.

To do this we have calculated the growth rate between the two observations for which the numbers of ships and companies is already known, so between 15/11/2023 and 09/04/2024. Since it is assumed by the Policy team that each ship and each company will have 2 employees needing familiarisation, i.e the Master and officer, and that all the ships are owned by the companies (with some companies owning more than 1 ship), the total number of ships and companies can thus be combined for the final calculation. This brings the total to 739 ships and companies in 15/11/2023 and 696 in 09/04/2024 respectively. By observing the number of months between the two data points, which is 5, then calculating the compounding monthly growth rate, we are able to calculate the growth rates for the number of ships in scope, the number of companies and the total for both, which are -1.12%, -1.62% and -1.19% respectively. To account for uncertainty a range of low, central and High scenario's is applied to the growth rates. The total growth rate for the combined number of ships and companies is -1.79%, -1.19% and -0.60% in the low, central and High scenarios. The total number of ships and companies is estimated to be 625 in the central scenario in January 2025, with 592 and 660 in the low and high scenarios.

MCA surveyors will still need familiarisation to ensure that they are aware of the changes and the regulations. According to the MCA HR, there were 144 MCA surveyors in 2022, and

based on an average of previous recruitment campaigns, it was estimated that there are 4 new MCA surveyors recruited every year. Hence, it is estimated that there are 148 MCA surveyors in 2023 ,152 in 2024. It is assumed that no retraining is needed for MCA surveyors who have been trained as the checks performed by MCA surveyors for these regulations are relatively simple requirements which are quite constant. This is not a cost to businesses as this will be paid by the MCA; therefore, it will not be included in the EANDCB.

6. Description of shortlisted policy options carried forward

Option 2, amend the Merchant Shipping (International Safety Management) (ISM Code) Regulations 2014 (SI 2014/1512) (“the 2014 Regulations”) with the necessary amendments was identified as the preferred option as it is the most likely to meet the policy objectives and reduce the risk of significant reputational damage to the UK as a highly regarded maritime state

Option 2 is the only option costed in the analysis below, as the costs would be the same or lower in Option 1, but with lower benefits overall due to lower levels of take up.

Option 2 is the lowest risk option, with minimal risk of uncertainty or misinterpretation compared to the less formal guidance option in Option 1

7. Regulatory scorecard for preferred option

The Department for Transport (DfT) has not published an impact assessment for this measure as the direct impacts on business have been assessed at under £10m per year. Instead, light-touch internal analysis has been conducted, the findings of which are presented below. The costs or benefits for the analysis were calculated using 2023 prices, 2025 present value. This was then adjusted to 2019 prices and 2020 present value by the impact assessment calculator for the purposes of wider reporting on better regulation as per the October 2023 version of the impact assessment calculator, which was used to conduct the analysis. As such, the Business net present value, Net present social value and EANDCB below are given in 2019 prices and 2020 present value. The discount rate applied was 3.5%, in line with Green Book¹ guidance

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
		Note: Below are examples only
Description of overall total welfare impact	The new regulations have no significant impact on the public sector nor businesses, charities or voluntary bodies. However, businesses are expected to benefit from reduced ambiguity and increased clarity in operational safety requirements.	Positive Based on all impacts (incl. non-monetised)

¹ <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

	<p>This measure is not expected to have any negative impacts on the safety of the vessel, personnel or natural environment. The main costs of the regulations will be familiarisation costs to Business which are estimated to be £24,700 in the central scenario and MCA surveyor training costs which are estimated to be £5,900 in the central scenario, and is a public sector cost, to account for MCA surveyor familiarisation costs.</p> <p>No impact on households have been anticipated as part of this policy. There will however be some unmonetized benefits from preventing injuries to crew as well as pollution of the UK maritime environment.</p>	
Monetised impacts	<p>The total net social present value is estimated to be -£24,700k in the central scenario, ranging from -£8,700 to -£55,600 in the low and high scenarios.</p> <p>These costs are predominately made up of training costs for MCA surveyors and familiarisation costs to businesses.</p> <p>The new Regulations will remove the link between the UK ISM regime and the relevant EU Regulation, and introduce an ambulatory reference to improve the UK's responsiveness to implementing updated international standards. New Regulations will also clarify grey area in application to UK vessels operating domestically abroad.</p>	<p>Neutral</p> <p>Based on likely £NPSV</p>
Non-monetised impacts	<p>The measure will regularise ISM Legislation post-EU Exit. The ISM Code provides a framework to enable managers, owners, bareboat charterers, and any other party responsible for the day-to-day functions of a ship to follow safe procedures, by focusing on improving the safe management and operation of ships. Indeed, multiple significant benefits have been identified such as preventing injuries to crew as well as pollution of UK ports and the maritime environment. There is also benefit of being seen to make the UK Flag more appealing as it is an additional safety element. However, none of them have been monetised due to the unavailability of data. Hence, if these benefits were monetised and included in the calculation of the net costs to businesses of these measures of net impacts would be larger.</p>	<p>Positive</p>

Any significant or adverse distributional impacts?	The measure does not have contentious or novel elements, significant wider social, environmental, financial or economic impacts, distributional impacts, large gross impacts or disproportionate impacts on small, micro and medium businesses. The proposed regulations do not implement or introduce any new obligations, so familiarisation costs are expected to be low as stakeholders and surveyors are already fully acquainted with the ISM Code and accompanying instructions and guidance.	Neutral
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(2) Expected impacts on businesses

Description of overall business impact	The new regulations have no significant impact on the public sector nor businesses, charities or voluntary bodies, however businesses are expected to get a minor benefit from a reduction in ambiguity and get more clarity on already existing obligations on ISM code operational safety requirements. There is also the cost of familiarisation with the changes in the regulations by vessel crews and safety management company employees, these costs are expected to be low, however with an estimated cost of £24,700 in the central scenario.	Negative
Monetised impacts	<p>The business net present value is estimated at -£20,300 in the central scenario, ranging from -£6,500 to -£49,000 in the low and high scenarios.</p> <p>This results in an equivalent annual net direct cost to business of £2,400 in the central scenario.</p> <p>The costs to businesses include costs of familiarisation for Masters and officers of the ships and within the safety management companies to familiarise with the changes in the regulations and read the accompanying guidance.</p>	Negative Based on likely business £NPV
Non-monetised impacts	Legislation will operate more effectively post- EU-Exit and going forward. A non-monetised benefit is that seafarers and crews will feel more confident of their safety on board vessels, given that the removal of the possibility of ambiguity between the obligations of the ISM Code and our legislative requirements will give better clarity to stakeholders and industry partners structural and operational safety requirements. None of the benefits have	Positive

	been monetised due to data unavailability. The new Regulations will determine for the avoidance of doubt that if any UK ships commence domestic operation in other countries, that they will be expected to comply with the ISM regime.	
Any significant or adverse distributional impacts?	The measure does not have contentious or novel elements, significant wider social, environmental, financial or economic impacts, distributional impacts, large gross impacts or disproportionate impacts on small, micro and medium businesses. The proposed regulations do not implement or introduce any new obligations, so familiarisation costs are expected to low as stakeholders and surveyors are already fully acquainted with the ISM Code and accompanying instructions and guidance.	Neutral

(3) Expected impacts on households

Description of overall business impact	No expected monetary impact on households (or individuals if more appropriate) directly impacted by the regulation.	Neutral
Monetised impacts	As no impacts are anticipated, the household NPV and EANDCH are expected to be £0. No pass-through costs are anticipated.	Neutral Based on likely household £NPV
Non-monetised impacts	No non-monetised costs or benefits to households have been identified	Neutral
Any significant or adverse distributional impacts?	As no impacts have been identified, no adverse distributional impacts are expected	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?	The measure will make the UK relatively more attractive as a Maritime state which can contribute to maintaining its reputation as an appealing place for foreign investment. The measure has no significant impact on market concentration, competition for business, or barriers to entry.	Supports
International Considerations: Does the measure support international trade and investment?	This measure is likely to support trade, as pollution and disruption from accidents at UK ports and maritime areas is disruptive to trade operations.	Supports
Natural capital and Decarbonisation: Does the measure support commitments to improve the environment and decarbonise?	Some positive impact on commitment for a cleaner coastal areas and maritime environment	Supports

8. Monitoring and evaluation of preferred option

There is no proposal at present to carry out a formal post implementation review of the draft Regulations as the cost to business is below the £10 million threshold. The proposed Regulations do not implement any new arrangements as they are identified as part of the REUL work and as such businesses should be complying with the requirement of the ISM Code. For internationally operating ships, the effectiveness of the Code is monitored in the International Maritime Organisation (IMO). This is simply an adjustment of the legislation on this matter and is not making any substantive changes to the ISM code implementation.

Safety management audits will demonstrate operators' continued compliance with the Code, through the updated Regulations. Analysis of the data which is created on the number and types of deficiencies will indicate the success or otherwise of the Regulations and the period of analysis will need to be gathered over a number of years in order to identify trends. Similarly, analysis of MAIB safety and accident reports will provide data from which trends can be identified.

High level data from other countries which are party to the SOLAS Convention can be shared in the IMO for the purposes of informing an ongoing review of the ISM Code. A

dramatic increase in non-compliances at ISM Audit discovered at an international level or in any groups of ships would trigger close examination and review within the IMO governance structure of the Convention, of which the UK is a participant. Reviews will take place before any amendments to the international convention are due to enter into force.

9. Minimising administrative and compliance costs for preferred option

Familiarisation costs have been included but are expected to be minimal as the obligations on businesses are not changing. The main change is to the legislative vehicle containing those obligations. Businesses will therefore already be familiar and in compliance with obligations of the ISM Code. As these Regulations have been identified as part of the retained EU law work there will be no additional burdens included in the proposed Regulations, except possibly for ships operating domestically abroad, which are negligible. It is therefore anticipated that additional direct and indirect costs associated with the changes are negligible. Consequently, there will be no impact on the safety of personnel or vessels as a result of this policy. Although no new burdens are being introduced as part of the revision to these Regulations environmental protection remains as an important and crucial part of the Regulations.

Declaration

Department: Maritime and Coastguard Agency (DfT)

Contact details for enquiries:

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Director responsible: ...Gwilym Stone (gwilym.stone@mcga.gov.uk)

I have read the Options 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: Sign here

Date:

Date

International Safety Management Code

Summary: Analysis and evidence

For Options Assessment, it is not a requirement to complete all the below, but please complete as much as you can where possible.

Price base year:

PV base year:

This table may be reformatted provided the side-by-side comparison of options is retained	1. Business as usual (baseline)	3. Preferred way forward (if not do-minimum)
Net present social value (with brief description, including ranges, of individual costs and benefits)	£0, as this is the counterfactual against which other options are assessed	The net social present value is estimated at between -£8.7k to -£55.6k, with a central estimate of -£24.7k.
Public sector financial costs (with brief description, including ranges)	£0, as this is the counterfactual against which other options are assessed	Public sector costs are (in 2023 prices, undiscounted) estimated to be between £3.0k and £8.9k, with a central estimate of £5.9k. This is due to familiarisation and administrative costs.
Significant un-quantified benefits and costs (description, with scale where possible)	£0, as this is the counterfactual against which other options are assessed	Legislation to be adjusted to make it suitable for the UK post EU-Exit. Multiple significant benefits have been identified such as preventing injuries to crew as well as pollution of UK ports and the maritime environment. There is also benefit of being seen to make the UK Flag more appealing as it is an additional safety element. However, none of them have been monetised due to the unavailability of data

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Key risks (and risk costs, and optimism bias, where relevant)	Doing nothing will mean the UK will not have the power to enforce or apply the requirements of the ISM Code and SOLAS. This in turn will impact safety onboard our vessels and will harm the UK's reputation as a world leader on maritime matters and as a leading member of the International Maritime Organisation (IMO).	Risk of not amending the legislation is that its operability could be challenged, or its effect could be misunderstood. continue to refer to EU legislation. Doing nothing will mean the UK will not have the power to enforce or be able to apply the requirements of the ISM Code and SOLAS. This in turn will hugely impact safety onboard our vessels, it could harm the UK flag and the UK's reputation as world leader on maritime matters and highly respected member of the International Maritime Organization (IMO)
Results of sensitivity analysis	Not applicable	Low, central and high scenarios have been included in the analysis. The EANDCB is estimated to be £2,358 in the central scenario which shows that it is very unlikely to exceed the +/-£10m EANDCB threshold.