

Dept:	Department for Transport: Maritime and Coastguard Agency
Name of measure:	The Merchant Shipping (Domestic Safety Management Code) Regulations 2027
RP Register ref:	Not applicable

1. Please provide evidence supporting the consideration and discounting alternatives for regulation

These amendments were 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. Amongst the new provision which substantially modernises the audit and certification framework, a correction relating to the duration of Domestic Safety Management Certificates is also being made and additionally references to MSN 1754(M) are being updated to refer instead to MSN 1869(M) which has superseded it. Without having these Regulations in place, it will severely restrict the UK's ability to regulate and monitor safety management systems on board domestically operating passenger vessels. The Domestic Safety Management Code ("the DSM Code") applies to domestic passenger vessels that do not comply with the International Safety Management Code ("the ISM Code"). It was implemented by the Merchant Shipping (Domestic Passenger Ships) (Safety Management Code) 2001 (SI 2001/3209). There is no other viable alternative to Regulation, as non-mandatory solutions cannot ensure consistent compliance.

At the same time, the opportunity is being taken to update the Safety Management Chapters in both versions of the Inland Waters Passenger Ship Code MSN 1823(M) and MSN 1823(M) Edition 2 to bring them into line with the most up to date version of the DSM Code. (NB: both versions of MSN 1823(M) fall under the Merchant Shipping (Safety Code for UK categorised Waters) Regulations 2010, and not the Merchant shipping (Domestic Passenger Ships) (Safety Management Code) Regulations 2001 which are being amended by the new Regulations to which this DMOA refers.)

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

To date these Regulations have not required any Post Implementation Reviews (PIR). Therefore, there are no previous evaluations for which to use as evidence.

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

This measure has been in place since 2001, therefore relevant vessels must already demonstrate compliance with the DSM Code. Therefore, in option 2 whereby the existing regulation is reinstated there would be no additional costs to UK business or households. Given this assumption the usage of a de minimis assessment is justified on a cost basis as the assessment sits below the £10m threshold. Further, the policy is not controversial and is not likely to have disproportionate impacts on specific groups, including small or micro businesses.

The MCA has not found any opportunity to reduce the burden on industry given that the proposed Regulations are not imposing any new or additional obligations. These Regulations are designed to apply a minimum standard of safety management on domestic vessels on which the ISM Code (which is mandatory for internationally operating vessels) does not apply. As such there is little scope to change the 2001 regulatory requirement currently placed on industry.

As such the proposed regulation meets the de minimis criteria.

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

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. It is therefore anticipated that there will be no additional direct or indirect costs associated with the changes. Consequently, there will be no impact on the safety of personnel or vessels as a result of this measure. Additionally, the environmental protection elements of this measure are unchanged from the current regulations.

De-Minimis Options assessment

Title: The Merchant Shipping (Domestic Safety Management Code) Regulations 2027

Type of measure: Secondary

Department or agency: Department for Transport: Maritime and Coastguard Agency

DMA number: DfTDMA372o

RPC Register Reference: N/A

Contact for enquiries: James.naidoo@mcga.gov.uk

Date: 26/02/2025

If your measure is to be submitted for RPC scrutiny you should complete the whole form as much as you are able, given the state of policy development and available evidence. This should include the regulatory scorecard with quantified business impacts, even if this is just the best estimate at this stage. Other impacts may be left unquantified at this stage, including household impacts where quantification may not always be proportionate at this stage. When complete, the whole form should be submitted to the RPC secretariat. **Please include annexes for supporting material where relevant. This form is not expected to be published.**

1. Summary of proposal

The proposed changes to the 2001 Regulations are as follows:

- a) remove references to section 2(2) of the European Communities Act 1972;
- b) amend the text in Regulation 6(2) which says that the Domestic Ship Safety Management Certificate (DSMC) is valid until the expiry of the ship's passenger certificate, as this is incorrect. The two certificates are separate and have different expiry dates (NB: The DSMC is valid for a maximum of 5 years and is subject to an initial office and ship audit and a mid-term audit on ship carried out by the MCA between the 2nd and 3rd anniversaries);
- c) amend all references in the 2001 Regulations referring to MSN 1754(M) to refer instead to MSN 1869(M), which has superseded it.

Additionally, it is proposed to take this opportunity while amending the 2001 Regulations and associated MSN to also update Chapter 16 on Safety Management in both versions of the Inland Waters Passenger Ship Code, MSN 1823(M) and MSN 1823(M) Edition 2 Amendment 1 to reflect the latest standards contained in MSN 1869(M).

NB: It should be noted that both versions of MSN 1823(M) are underpinned by the Merchant Shipping (Safety Code for UK Categorised Waters) Regulations 2010 (SI 2010/680), and not the 2001 Regulations.

It is understood that MSN 1823(M) vessels are already compliant with the latest version of DSM, but this assumption will be tested at consultation. There will therefore be no additional burden for the ships affected. Therefore, there will be no cost impact on those vessels that fall under either version of MSN 1823(M).

The purpose of the Domestic Safety Management Code ("the DSM Code") is to establish a common safety standard for the safe operation of domestic passenger ships which do not fall under the International Safety Management Code. The DSM Code applies to all domestic passenger ships except those that comply with the International Safety Management Code ("the ISM Code"), i.e. applicable to passenger ships for which the ISM Code is mandated, or which choose to comply with it voluntarily. The DSM Code has intentionally been kept brief and simple, which enables it to be applied to domestic passenger ships. The requirements are set out in the Merchant Shipping legislation under SI 2001/3209 – The Merchant Shipping (Domestic Passenger Ships) (Safety Management Code) Regulations 2001 ("the 2001 Regulations").

The 2001 Regulations were made in part using section 2(2) of the European Communities Act 1972. Following the UK's exit from the European Union and the revoking of the European Communities Act 1972, the MCA needs to amend the 2001 Regulations to ensure that the UK has the necessary updatable legislation in place to enforce and monitor safety management systems on board domestically operating passenger vessels.

2. Strategic case for proposed regulation

Firms do not take into account the societal costs of non-perfect safety standards and safety cultures on board UK passenger ships. This can lead to significant health and safety risks, corresponding incidents on passenger ships, as well as other negative externalities. There is no incentive for firms to fully correct these safety standards, this is a market failure, therefore government intervention is required.

This intervention aids in the alignment of private costs with social costs, reducing negative externalities and correcting market failure. Specifically, without this intervention, it will not be possible for UK to monitor safety standards on the fleet of UK passenger vessels that operate only in domestic waters, thus jeopardising the safety of those onboard passenger vessels.

Furthermore, the proposed intervention would allow the UK to maintain its reputation, with a proactive positive approach to regulations rather than one which is reactive maintaining the UK's reputation as

an effective maritime regulator. In addition the non-regulatory options may create confusion in the industry between which regulations are in place and which are not.

3. SMART objectives for intervention

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

By implementing the proposed changes to the 2001 Regulations, the policy objectives this measure intends to meet are:

- 1) To promote and positively encourage improvements in the safety culture within the domestic passenger fleet.
 - The proposed Regulations are aimed at the maintaining common safety standards for the safe operation of domestic passenger fleet. This regulation implements the safety management system's audit regime on domestic passenger vessels similar to the audit system in use on vessels that operate internationally.
 - i. These Regulations aimed at only domestic passenger ships which do not comply with the ISM Code, with a specific focus on personal safety and life preservation.
 - ii. Will be measured with surveys, as well as data on the number of non-conformities, deficiencies, and MAIB accident statistics. A full review clause is unnecessary given the low impact of the measure.
 - iii. The MCA, working with industry, will identify non-conformities and deficiencies, and will use these to develop best practice to promote and encourage collaborative working. Persistent breaches will result in penalties as a last resort ensuring the measures are achievable.
 - iv. The measure is relevant and timely as it ensures that the UK maintains a good standard of regulation.

Analysis of the data, which is created on the number and types of non-conformities and deficiencies, will potentially 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.

HMG objectives change periodically. However, the 2001 Regulations are identified as REUL/AEUL. For the reasons mentioned above the DSM regime is a necessity for the MCA as without it in place in a maintainable form, the MCA will not have the powers required to ensure safety standards on board passenger ships are adequately and appropriately maintained.

More broadly, this policy aims to align with two of the Maritime and Coastguard Agency's objectives, in becoming the world's best performing flag state and being a modern, progressive regulator. This also meets the UK's approach to regulatory reform, by modernising and promoting safety standards¹.

¹ <https://www.gov.uk/government/publications/build-back-better-our-plan-for-growth/build-back-better-our-plan-for-growth-html>, accessed 05/06/2024, accessed 05/06/24

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

Three options are considered in this DMOA:

Option 0 – “Do nothing”. Doing nothing will have an adverse effect on the reputation of the Agency and wider Department, as the corrections and updates mentioned above will not be achieved.

Option 1 – Publish MIN/advice to industry (Non-regulatory). This is also an unsuitable option as by not reinstating the Regulations, the MCA would not be maintaining the DSM regime or achieving the updates and corrections required.

Option 2 – Publish/amend SI (Regulatory and preferred option). Amending these Regulations is the preferred option as it would ensure that the MCA can continue to underpin the Domestic Safety Management Code with the appropriate, up to date and maintainable regulatory measures. There is no other viable alternative to Regulation.

Option 2 is the preferred option because neither Option 0 nor Option 1 could achieve the desired policy outcomes, and both could potentially have negative impacts. Option 2 would fully implement the amendments to the Regulation and is the only option which achieves all of the desired policy outcomes. Further, given this measure relates to reinstating pre-existing regulations there is no additional costs or burdens on industry as a consequence of implementation.

Option 2 is the preferred option, which is taken ahead in this assessment, as it meets the policy objectives unlike the other considered options.

The proposed Regulations do not introduce any new regulation or burden on industry.

The 2001 Regulations are Assimilated Law, as they were made in part using the power in section 2(2) of the (now repealed) European Communities Act 1972. The proposed Regulations use alternative powers to continue the application of the DSM Code which is important for the safe operation of the vessel.

Maritime safety measures apply equally to all businesses large or small, as passengers and crew have as much right to remain safe on vessels operated by SMEs as by vessels operated by larger companies. Therefore, small and micro businesses will remain within the scope of the proposed Regulations, however, they will not be disproportionately impacted by this measure.

5. Summary of long-list and alternatives

A non-regulatory and regulatory option has been considered as part of the short list.

The 2001 Regulations have been identified as part of Retained EU Law (REUL). There is no alternative to Regulation as the MCA must continue to have the underpinning legislation in order to promote and proactively encourage safety standards and the safety culture on domestic passenger vessels. This will help to ensure that the domestic passenger fleet is regulated in a comparable way to the passenger vessels that operate internationally. Currently MCA records show 558 valid DSM certificates in issue. Typically, in the region of 550-570 vessels require DSM certification, although a small number of these could have other certification as well (dual certification).

Maritime safety measures apply equally to all businesses large or small, as passengers and crew have as much right to travel safely on vessels operated by SMEs as they do on vessels operated by larger companies. Therefore, small and micro businesses will remain within the scope of the proposed Regulations.

6. Description of shortlisted policy options carried forward

Option 2 to amend the Domestic Safety Management Code Regulations is the preferred option as it will help ensure that the MCA can continue to underpin the Domestic Safety Management Code with the appropriate regulatory measures. There is no other viable alternative to Regulation. It is believed that all vessel affected by these Regulations are already compliant with the latest DSM requirements, given the regulations have been in place since 2001 and this measure only has minor amendments related to legal text the implementation of these regulations will remain unchanged in option 2. Therefore, vessels face no additional costs in option 2 as they will already be in compliance with the regulations.

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

Options 0 and 1 would also have zero cost, however they would also have zero benefits given both could potentially lead to lower levels of safety aboard vessels.

7. Regulatory scorecard for preferred option

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Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
		Note: Below are examples only
Description of overall impact	There are no expected costs or benefits of this regulation expected either businesses or households over and above the do nothing. The regulations have been in place since 2001 therefore vessels should already be compliant with the amendment regulations. Given that it is believed that MSN 1823(M) vessels are already compliant with the latest version of the DSM Code, no additional burdens will be imposed on them as a result of the changes to MSN 1823(M)	Neutral Based on all impacts (incl. non-monetised)
Monetised impacts	Impacts for this measure have not been monetised. This is due to the assumption that all vessels should already be in compliance with this measure as it does not introduce any additional burdens from its previous iteration. Therefore, any appraisal analysis would be disproportionate to the measure.	Neutral

Non-monetised impacts	Re-stating the requirements in legislation in a form that is suitable going forward post-EU Exit, there will be no additional non-monetised costs and benefits from the implementation of these regulations.	Neutral
Any significant or adverse distributional impacts?	No	Neutral

(2) Expected impacts on businesses

Description of overall business impact	There are no expected costs or benefits of this regulation expected for businesses over and above the do nothing. The regulations have been in place since 2001 therefore vessels should already be compliant with the amendment regulations.	Neutral
Monetised impacts	Not assessed. This is due to the assumption that all vessels should already be in compliance with this measure as it does not introduce any additional burdens from its previous iteration. Therefore, any appraisal analysis would be disproportionate to the measure.	Neutral
Non-monetised impacts	None	Neutral
Any significant or adverse distributional impacts?	No	Neutral

(3) Expected impacts on households

Description of overall business impact	There are no expected costs or benefits of this regulation expected for households over and above the do nothing. The regulations have been in place since 2001 therefore vessels should already be compliant with the amendment regulations.	Neutral
Monetised impacts	Not assessed.	Neutral
Non-monetised impacts	None	Neutral
Any significant or adverse	No	Neutral

distributional impacts?		
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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 implementation of the DSM code into domestic regulations will ensure that the UK continues to be compliant with international standard for safety aboard vessels operating in UK waters. Given the regulations have already been in place since 2001 there is no expected impact on the ease of doing business in the UK.	Neutral
International Considerations: Does the measure support international trade and investment?	None, the regulation only impacts domestic vessels operating in UK waters only.	Neutral
Natural capital and Decarbonisation: Does the measure support commitments to improve the environment and decarbonise?	No impact on natural capital or decarbonisation.	Neutral

8. Monitoring and evaluation of preferred option

Due to the fact that the annual direct impacts on business are less than +/- £10m and the existing 2001 Regulations do not have a Review clause, no Review clause will be included in the new Regulations. The regulations will be reviewed on a less formal, ongoing basis, by the policy lead. This will involve stakeholder engagement, to establish whether firms have benefited from the amendments and whether they have experienced unintended consequences.

The policy lead intends to explore the expansion of the scope of the Regulations in the medium term, and a non-statutory review will be carried out at that time.

Anecdotal evidence from industry that there was a problem with the Regulations would result in review sooner than currently planned, whilst policy success would be achieved if the objectives outlined in section 3 are met.

9. Minimising administrative and compliance costs for preferred option

No additional costs of compliance are expected to result from the new Regulations.

Furthermore, this regulation minimises administrative burdens by aligning the UK flag with EU regulations.

Declaration

Department: Maritime and Coastguard Agency

Contact details for enquiries:

Robert Hunter, Head of Audit and Verification, Maritime and Coastguard Agency

Director responsible: Fraser Heasley

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:

Date: 8 September 2026

Summary: Analysis and evidence

No monetised assessment has been undertaken for this measure's options. This is because this measure will ensure the continuation of already existing EU regulations which are being transferred into UK specific regulation with no amendments. Therefore, all vessels are already in compliance and in a do nothing or non-regulatory option is it likely they would still be compliant but on a voluntary basis