

## **Introduction of the proposed Workboat Code**

### **Department for Transport/Maritime and Coastguard Agency**

**RPC rating: fit for purpose**

The impact assessment (IA) is now fit for purpose as a result of the agency's response to the RPC's initial review. As first submitted, the IA was not fit for purpose.

#### **Description of proposal**

The Marine Guidance Notice (MGN) 280, introduced in 2003, harmonised the Codes of Practice for the different kinds of small commercial vessels. The view of the workboat industry is that this harmonisation has weakened the perception of safety standards for workboats; it is now more difficult for UK workboats to win overseas contracts as UK safety standards are seen by the international community as insufficiently robust.

The agency aims to create a 'Workboat Code' that will provide workboat owners with a single document to refer to for standards of workboat operation and design. The intention of the Workboat Code is to ensure safety standards are robust, while granting the necessary flexibility for different types of operations. The agency believes this will regain the confidence of the international community and help UK workboats secure contracts globally.

#### **Impacts of proposal**

##### **Monetised costs**

All members of workboat crews who operate the radar system will have to undertake mandatory training, though there will be a three-year familiarisation period for the industry before the training becomes mandatory. Familiarisation costs are estimated at £194,200 for each of the first three years, with ongoing costs of £116,400 for each year thereafter. The central estimate for ten-year costs is £1.4 million.

As with radar training, all members of workboat crews who operate the Electronic Chart System (ECS) will have to undertake mandatory training. Again, there will be a three-year familiarisation period before the training becomes mandatory.

Familiarisation costs are estimated at £151,000 for each of the first three years, with

ongoing costs of £91,000 for each year thereafter. The central estimate for ten-year costs is £1.1 million.

The agency expects that there will be no additional build costs as the Workboat Code merely formalises existing industry practice. The agency does expect one-off familiarisation costs with the Workboat Code for engineers, operators and owners. The estimates are: £52,220 for engineers; £419,827 for operators; and £5,158 for owners. This results in a total estimate of £477,205. The agency expects these estimates to be high as the workboat industry is already familiar with the draft of the Workboat Code and there has already been some voluntary adherence to the proposed Workboat Code.

### **Non-monetised costs**

The Workboat Code includes more detailed safety requirements and guidance for cranes and their attachments, specifying design requirements, testing, and information provision. These costs have not been monetised due to a lack of data on how many workboats operate with a crane and how often they change that crane.

The Workboat Code will require and apply consistent rules each type of workboat to have adequate reserves of buoyancy to survive swamping when fully loaded. This will increase costs for open, as opposed to decked, workboats, but it is not possible to monetise these costs as there is no data on whether workboats are open or decked.

### **Monetised benefits**

Workboats which were built prior to MGN 280 carry liferafts which conform to International Convention for the Safety of Life at Sea (SOLAS) standards. The Workboat Code will allow workboats operating within category 1-6 areas to use liferafts which conform to International Organization for Standardization (ISO) standards. ISO liferafts are each £1,000 cheaper than SOLAS liferafts; based on 81 new workboats being built each year, this means a ten-year saving of an estimated £810,000. ISO liferafts require servicing every three years, rather than every year as with SOLAS liferafts, which would lead to a further estimated ten-year saving of £850,000. ISO liferafts also take up less space, so there is potential for additional profit to be made from carrying extra cargo.

### **Non-monetised benefits**

UK workboats are expected to become more competitive in securing international contracts as a result of 1) the Workboat Code being recognised by other EU member states, and 2) the recent introduction of the Standards of Training, Certification and

Watchkeeping for Seafarers (STCW) certificate, issued by the International Maritime Organization. The IA is not clear on this latter point, but the inference is that UK workboats would not be granted a STCW certificate should the Workboat Code not be enacted. This benefit is difficult to monetise due to commercial sensitivities, and a lack of robust data on the number of international tenders UK workboats could win.

The National Workboat Association (NWA) estimates that the Workboat Code could increase the earning potential of UK workboats by five per cent, which, over ten years, would generate additional earnings of between £22 million and £60.8 million. The agency does not believe the evidence base is strong enough to include these figures in the net present value.

## Quality of submission

The agency's assessment of the overall impacts of the proposal, including the impacts on business, is fit for purpose. The IA sets out clearly the rationale for the policy and provides low, central and high estimates where the evidence is limited. Consideration was given to three options, including a 'do nothing' option, with clear rationale provided for why the preferred option was chosen. The IA clearly presents the assumptions and the evaluation of the supportive evidence.

The IA would benefit from clarifying whether a voluntary compliance code was considered for the entire industry or only for small and micro businesses. It would further benefit from presenting the evidence underpinning its estimate of the average number of days of operation per workboat per year.

### Small and micro business assessment

The small and micro business assessment (SaMBA) is sufficient. Although the agency is unable to identify how many small and micro businesses will be affected (as the relevant data are not available), it is clear that they represent a substantial proportion of the industry: the NWA's membership is 29 per cent micro businesses and 37 per cent small businesses. Consideration was given to making the Workboat Code voluntary for small and micro businesses, but this option was dismissed as it would mean safety concerns were not addressed, and because "*the NWA believes the financial implications to be negligible*".<sup>1</sup>

The agency believes a low-evidence post-implementation review would be proportionate given that the workboat industry has helped to develop these proposals. The agency intends to undertake continuous informal consultation with

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<sup>1</sup> Section 8.2, page 29 of the impact assessment.

the industry between implementation of the proposals and the review date. The RPC welcomes this kind of early and regular engagement with stakeholders prior to review and encourages other government agencies and departments to match this level of engagement.

### **Issues addressed following the RPC's initial review**

As initially submitted for RPC scrutiny, the RPC identified two issues that meant the RPC would have been likely to issue a red-rated (not fit for purpose) opinion of the impact assessment. Following the RPC's initial review, the department has submitted a revised impact assessment that responded to these points as follows:

- i. The agency has provided supporting evidence or a detailed source for its key assumptions, including the turnover rate of seafarers, the number of high-speed workboats, the number of engineers required for familiarisation, and the costs of radar systems and ECS. The agency has also identified assumptions for which the evidence base could be improved. In particular, it suggests that the evidence underpinning its estimate of the number of engineers could be more robust.
- ii. The description of impacts has now been improved, and while the agency has been unable to monetise several of the impacts, it now provides generally acceptable reasoning for why that is the case; there could, however, be more consistency in the quality of that reasoning.
- iii. The agency has now set out their preferred option - Option 1: To produce a revised Workboat Code under the existing legislation - very well and also links it to an update of equipment carried on board and update practice, in line with other UK and international requirements. This appears to be very important in terms of raising the competitiveness of the British industrial sector and is to be commended.
- iv. The IA now provides a brief economic rationale and effectively links it to serious safety concerns and possible fatal accidents. In addition, the IA provides a good analysis of the do nothing option which would continue to restrict UK workboat industry competitiveness, and compromise safety of crew, etc. The RPC notes that the primary objectives of the policy are highlighted at several places in the IA - to improve safety and provide standards that will allow the industry to remain competitive both in the UK and internationally.
- v. Of note within the analysis is the discussion on the possibility of a voluntary compliance code and this is useful in considering the possibility of exempting small and micro businesses from mandatory compliance of the Workboat Code. The argument that this option was discarded on the grounds of safety and competitiveness is well made.

- vi. It is also noteworthy that discussions about the new Workboat Code were led by industry and a useful Annex to the IA summarises this engagement. However, the RPC notes that not some questions were actually answered fully in the consultation (Annex 6). The IA would benefit from explaining reasons why some questions were not responded to by consultees.

### Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£0.1 million
Business net present value	-£1.34 million
Overall net present value	-£1.34 million

### RPC assessment

Classification	Qualifying regulatory provision (IN)
Small and micro business assessment	Sufficient
RPC rating of initial submission	Not fit for purpose

Regulatory Policy Committee