EXPLANATORY MEMORANDUM TO

THE MERCHANT SHIPPING (FEES) (AMENDMENT) REGULATIONS 2025

2025 No. 1103

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Keir Mather, Parliamentary Under-Secretary at the Department for Transport confirms that this Explanatory Memorandum meets the required standard.

2.2 Oliver Poxon, Director of Finance and Transformation at the Maritime and Coastguard Agency, an executive agency of the Department for Transport, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Katy Webb at the Maritime and Coastguard Agency can be contacted by email at the following address with any queries regarding the instrument: katy.webb@mcga.gov.uk. Alternatively, the department can be contacted by telephone: 020381 72270

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument extends the period for which the Merchant Shipping (Fees) Regulations 2018 (S.I. 2018/1104) ("the Fees Regulations 2018") are in force by three years. The Fees Regulations 2018 prescribe the fees chargeable for a range of activities in relation to maritime services and will expire on 13th November 2025 unless extended, leaving the Government unable to recoup the costs of services provided to the maritime industry. This instrument enables the application of the Fees Regulations 2018 to be extended by a further three years to 12th November 2028 during which time the policy and structure of fees in those Regulations will be reviewed and a replacement statutory instrument developed.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales, Scotland and Northern Ireland.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales, Scotland and Northern Ireland.

5. Policy Context

What is being done and why?

5.1 The Maritime and Coastguard Agency provide a number of statutory services to the shipping industry on behalf of the Secretary of State for Transport. These services ensure that safety and environmental standards are met in UK waters and on UK ships

wherever they are. These services include the survey and inspection of vessels, ship registration and the training and certification of seafarers. Costs towards these services are recouped by collecting fees currently prescribed in the Fees Regulations 2018. If the Fees Regulations 2018 are allowed to expire it will not be lawful to collect these fees. Extending the effect of the Fees Regulations 2018 by three years until 2028 will allow time to review the policy and structure of the fees in those Regulations and for a replacement statutory instrument to be developed.

5.2 Fees in respect of inspections carried out under regulation 7 of the Merchant Shipping (Minimum Standards of Safety Communications) Regulations 1997 and listed in Part 1 of Schedule 1 to the Fees Regulations 2018 are not charged for. These regulations also include provision for offences, penalties and ship detentions, but over the last 10 years these have not been used.

What was the previous policy, how is this different?

5.3 There is no change to policy. This instrument simply extends the life of the existing Fees Regulations 2018 by three years, allowing the Maritime and Coastguard Agency to continue to recoup the cost of services through the prescribed fees and not lose the legal right to charge fees for services rendered, thus costing the taxpayer an estimated £11m per annum to subsidise those services. A sunset clause was included because the original intention was to complete a review of the Fees Regulations 2018 and replace them before they expired, keeping the fees up to date.

6. Legislative and Legal Context

How has the law changed?

6.1 Regulation 2 of this instrument amends regulation 1(2) of the Fees Regulations 2018 to extend the period for which the Fees Regulations 2018 are in force from seven to ten years and to allow the fee for inspection under The Merchant Shipping (Minimum Standards of Safety Communications) Regulations 1997 to sunset. Inspection fees in respect to The Merchant Shipping (Minimum Standards of Safety Communications) Regulations 1997 will be allowed to sunset on 13th November 2025.

6.2 Also, a procedural irregularity occurred in 2018 whereby the charge in respect of hovercraft registrations was originally introduced in the negative procedure Fees Regulations 2018 rather than in separate ‘no procedure’ regulations. As part of the process of extending the Fees Regulations 2018 a ‘no procedure’ statutory instrument, the Hovercraft (Fees) Regulations 2025[1], will be introduced in respect of charging a fee relating to an application for hovercraft registration.

6.3 Furthermore, a statutory instrument subject to the affirmative procedure, the Hovercraft (Application of Enactments) (Amendment) Order 2025[2], will have been laid before Parliament before these Regulations are made. This Order amends the Hovercraft (Application of Enactments) Order 1989 (S.I. 1989/1350) so as to extend the application of certain provisions in or made under the Merchant Shipping Act 1995 which apply in relation to ships, to hovercraft. Its purpose is to ensure that the maritime legal powers currently available in relation to ships, including the power to prescribe fees, are also available to regulate hovercraft operating in the United Kingdom.

[1] S.I. 2025/1088.
[2] S.I. 2025/1094.

Why was this approach taken to change the law?

6.4 This is the only possible approach to make the necessary changes enabling the Government to continue to charge to recoup the costs of maritime services.

7. Consultation

Summary of consultation outcome and methodology

7.1 No consultation was undertaken since there were no changes to the fees. A consultation will be carried out as part of a comprehensive review of the fees charged for maritime services before future replacement regulations are introduced.

8. Applicable Guidance

8.1 Guidance is not required.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because the instrument makes no changes to the Fees Regulations 2018, except for the extension to the sunset clause.

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities or voluntary bodies because there is no change to the Fees Regulations 2018, except for the extension to the sunset clause.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector because there is no change to the Fees Regulations 2018, except for the extension to the sunset clause.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this instrument is that a Post Implementation Review is not required.

10.2 The instrument does not include a statutory review clause. By virtue of section 28(3)(d) of the Small Business, Enterprise and Employment Act 2015 the duty in section 28(2) does not apply. A review of the Fees Regulations 2018 has already been undertaken and the regulations are time-limited by the sunset clause. The Maritime and Coastguard Agency is also already reviewing the fees regime with an intention to replace the Fees Regulations 2018 ahead of the new extension date, so a further review would not be necessary. A recent Post Implementation Review (PIR) undertaken on the effectiveness of the Fees Regulations 2018 determined that the aim of full cost recovery was not achieved. It concluded that for survey, the fees were probably set at the right level but will need updating. However, for seafarer certification the fees were set too low and for registration they were probably set too low. Overall, it concluded that with the exception of one year, it is likely that businesses were undercharged, as the fees did not allow a sufficient increase in

revenues to reach the levels of costs to MCA associated with these services. The PIR has been published and can be found on the legislation website[3].

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").

[3] https://www.legislation.gov.uk/ukia/2025/103/pdfs/ukia_20250103_en.pdf