

EXPLANATORY MEMORANDUM TO

THE MERCHANT SHIPPING (LIGHT DUES) (AMENDMENT) REGULATIONS 2021

2021 No. 280

1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

- 2.1 This instrument amends the Merchant Shipping (Light Dues) Regulations 1997 (S.I. 1997/562) (the 1997 Regulations) to increase the amount of Light Dues paid with respect to ships required to make such payments on a per voyage basis. With effect from 1st April 2021, the rate will increase from 37 and a half pence per ton to 38 and a half pence per ton, with a corresponding increase in the maximum amount payable in respect of any one voyage from £15,000 to £15,400.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 None.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

- 3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is the United Kingdom.
4.2 The territorial application of this instrument is the United Kingdom.

5. European Convention on Human Rights

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

6. Legislative Context

- 6.1 Under section 211 of the Merchant Shipping Act 1995, the Secretary of State for Transport is required to administer the General Lighthouse Fund (the Fund). The Fund is used to pay for the costs General Lighthouse Authorities (GLAs) incur in the discharge of their statutory duties to provide marine aids to navigation, respond to new navigation safety dangers around the British Isles and to meet any associated administration costs incurred by the Department for Transport.
- 6.2 Light Dues, a hypothecated tax levied on commercial ships and large leisure vessels calling at ports in the United Kingdom and some smaller vessels, are the principle source of income for the Fund. Under section 205(5) of the Merchant Shipping Act

1995, the Secretary of State for Transport has the power to make Regulations to set the Light Dues rate for the United Kingdom and to specify the situations in which Light Dues are to be applied or exempted. The relevant Regulations are the 1997 Regulations which have been subsequently amended through a series of amending Regulations.

7. Policy background

What is being done and why?

- 7.1 GLAs have a statutory duty to provide marine aids to navigation, such as lighthouses and buoys and to respond to new wrecks or other dangers to navigation. Light Dues are payable into the General Lighthouse Fund by various types of shipping to support the work of the GLAs. The Department for Transport works with the GLAs and the Lights Advisory Committee, as representatives of the shipping industry, to review planned expenditure on an annual basis with the aim of ensuring that Light Dues can be set to meet any sanctioned expenditure.
- 7.2 The GLAs have delivered significant efficiency savings over the past decade which, in addition to prudent financial management, has enabled Light Dues to fall by 40 per cent in real terms over the same period and the rate of Light Dues has been reduced or frozen in each of the last seven years. The Fund, which is managed separately from the Department for Transport accounts and on which a separate Annual Report and accounts are laid before Parliament, is also currently undergoing a managed reduction to meet an agreed target reserve.
- 7.3 The Coronavirus pandemic (Covid-19) has had a major impact on the work of the GLAs through increased operational costs, delays and cancellation of routine and other maintenance projects and reduced opportunities to seek commercial income which is used to offset their costs. In tandem, there has been a significant reduction in Light Dues receipts, as fewer vessels are calling at UK ports leading to increased consumption of the Fund's cash reserves. This unprecedented situation, combined with continued uncertainty over the speed and scale of any economic recovery and the need to fund a number of forthcoming major procurement programmes, has resulted in a need to increase the Light Dues tax for the year 2021-22 to ensure that sufficient funding is available to the GLAs to complete their statutory duties.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

- 8.1 This instrument does not relate to withdrawal from the European Union.

9. Consolidation

- 9.1 This instrument amends the 1997 Regulations in terms of the rate at which Light Dues are levied and, consequently, the maximum amount payable in respect of any one voyage. The 1997 Regulations have been amended over several years since they were made and the Department for Transport intends to consolidate them within the next two years.

10. Consultation outcome

- 10.1 The GLAs and the Lights Advisory Committee, which represents the shipping industry, have provided formal advice to the Department for Transport on the level of

Light Dues for 2021-22. Since Light Dues are classified as a tax, no wider public consultation has been held.

11. Guidance

- 11.1 No guidance will be issued in relation to this instrument. However, the Parliamentary Under Secretary of State for the Department for Transport, Robert Courts MP, made a written statement to Parliament on 11th February outlining the changes¹. All collectors of Light Dues and ship agents will be notified of the changes by the GLAs.

12. Impact

- 12.1 The impact on business, charities or voluntary bodies is to increase the amount of Light Dues to be paid by the shipping industry but also generate a corresponding increase in the resources available to the GLAs to be spent on aids to navigation, therefore resulting in a zero net cost to the public purse.
- 12.2 There is no impact on the public sector as there will be no change to the administration and management of Light Dues and the Fund. There are no cost implications for the GLAs as there will be no change to the provision of marine aids to navigation.
- 12.3 An Impact Assessment has not been prepared for this instrument because it is not defined as a “regulatory provision” under Section 22(4)(a)(i) of the Small Business, Employment and Enterprise Act 2015 as it relates to a variation of tax.

13. Regulating small business

- 13.1 The legislation applies to activities undertaken by small businesses.
- 13.2 No specific action is proposed to minimise the regulatory burden on small businesses because the instrument only amends the rate for Light Dues payable on a per voyage basis which in practice, only affects commercial and large leisure vessels generally managed by large fleet operators. No impact on small businesses is therefore anticipated.

14. Monitoring & review

- 14.1 The Department for Transport and the Fund Accountant monitor, on a continuous basis, the level of the Fund to ensure that it is in a position to meet the cost of the work of the GLAs. The level of Light Dues is reviewed on an annual basis and set following consideration of advice from the GLAs and the Lights Advisory Committee.

15. Contact

- 15.1 Chris Angell at the Department for Transport Telephone: 0300 330 3000 or email: christopher.angell@dft.gov.uk can be contacted with any queries regarding the instrument.
- 15.2 Stephen Benzies, Deputy Director for Maritime Operations at the Department for Transport, can confirm that this Explanatory Memorandum meets the required standard.

¹ <https://www.gov.uk/government/speeches/light-dues-for-the-year-2021-to-2022>

15.3 Robert Courts MP, Parliamentary Under-Secretary of State with responsibility for maritime policy at the Department for Transport, can confirm that this Explanatory Memorandum meets the required standard.