

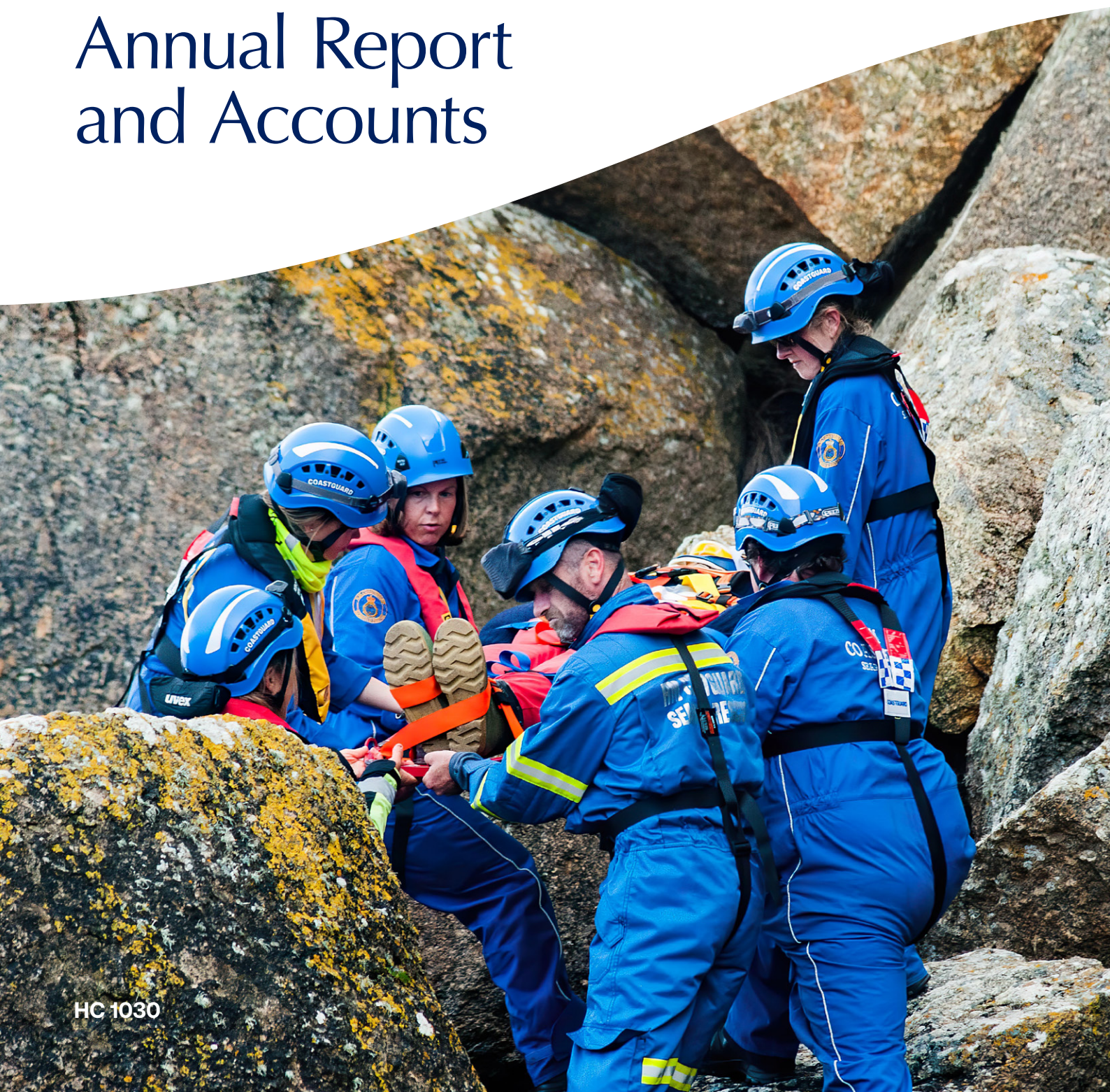


Maritime &
Coastguard
Agency

2021–2022

Maritime & Coastguard Agency

Annual Report and Accounts



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Maritime & Coastguard Agency Annual Report and Accounts 2021–2022

For the period 1 April 2021 to 31 March 2022

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of the Government Resources and Accounts Act 2000

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Contents

Non-Executive Chairman's Introduction	6		
Chief Executive's Foreword	8		
Performance Report	10	Remuneration and Staff Report	60
Who we are and what we do	12	Remuneration and Staff Report	62
Our achievements in 2021-2022	13	Remuneration policy	62
Delivering against our 2021-22 Business Plan	14	Service Contracts	62
Financial Performance Analysis	20	Remuneration and pension entitlements of senior management (audited)	63
Safer Lives – preventing loss of life	22	Salary	64
Safer Ships – improving maritime safety	28	Benefits in kind	64
Cleaner Seas – protecting the environment	34	Bonuses	64
Our People	38	Pension Benefits	65
Health and Safety	40	Civil Service Pensions	65
Sustainable Development	42	Cash Equivalent Transfer Values	67
Waste Minimisation – Single Use Plastic	43	Real increase in CETV	67
Paper Use	44	Pay multiples	67
Accountability Report	46	Fair Pay Disclosure	67
Corporate Governance Report	48	Pensions	68
Governance Statement	51	Staff costs (audited)	69
		Staff numbers (audited)	69
		Staff composition	70
		Sickness absence data	70
		Staff turnover	70
		Staff engagement	70
		Staff policies for disabled persons applied during the financial year	70
		The Trade Union (Facility Time Publication Requirements) Regulations 2017	71
		Expenditure on consultancy	71
		Exit packages (audited)	71
		Off-payroll engagements	72
		Diversity and Inclusion	73

Parliamentary Accountability Disclosures **74**

Parliamentary Accountability Disclosures (Audited)	76
----------------------------------------------------	----

Comptroller and Auditor General's report and certificate **78**

The Certificate and Report of the Comptroller and Auditor General to the House of Commons	80
-------------------------------------------------------------------------------------------	----

Financial Statements **86**

Statement of Comprehensive Net Expenditure	88
Statement of Financial Position	89
Statement of Cash Flows	90
Statement of Changes in Taxpayers' Equity	91

Notes to the Agency's accounts **92**

Notes to the Agency's Accounts	94
1. Statement of significant accounting policies	94
2. Operating expenditure	100
3. Income	103
4. Operating segments	104
5. Property, plant and equipment	105
6. Right of use assets	107
7. Intangible assets	109
8. Inventories	110
9. Assets classified as held for sale	110
10. Trade receivables and other assets	111
11. Cash	111
12. Trade payables and other liabilities	112
13. Lease Liabilities	112
14. Provisions for liabilities and charges	114
15. Capital commitments	115
16. Contingent assets	116
17. Events after the reporting period	116
18. Related party transactions	116
19. Financial instruments	116

Non-Executive Chairman's Introduction

I am pleased to present the Maritime & Coastguard Agency's Annual Report and Accounts for 2021–22.



The Maritime & Coastguard Agency can be proud of its work over the year against the background of a continued global coronavirus pandemic.

During London International Shipping Week in September, the UK Ship Register launched its Concierge Service, a professional and tailored service that will provide support and guidance for maritime businesses looking to access the UK market. This service will connect owners and operators with the relevant government departments, UK trade associations and related maritime specialists, ensuring that they have access to the right expertise in an efficient and timely manner. The service was extremely well received at the launch and

will go even further towards making us an attractive flag of choice.

The Agency has continued to provide its dedicated Coastguard service, fulfilling our search and rescue commitments and responding to incidents with professionalism and expertise. The summer of 2021 was exceptionally busy as many migrants undertook illegal crossings of The Channel, placing a massive strain on Coastguard and reconnaissance services. These dedicated services rose to the occasion and professionally dealt with all incidents.

It is with sadness that in the coming year we will be saying farewell to our Chief Executive,

Brian Johnson. Brian has been an asset to the Maritime & Coastguard Agency and during his time here he has made real change which will continue to shape the future. I would like to thank Brian for all his work over the time he has been with us and wish him the very best for his next chapter.

I would also like to thank the Directors and their teams for all their support and effort over the last year and I look forward to working with them again to deliver our commitments in the Agency's Business Plan for 2022–2023 which is available to read on GOV.UK.

Christopher Rodrigues
Non-Executive Chairman



Chief Executive's Foreword



The Maritime & Coastguard Agency's Annual Report and Accounts for 2021–22 captures our work in the last year, which was guided by our internal business plan focused on our strategic goals.

In particular, we took huge strides in raising the profile of the UK Ship Register. During London International Shipping Week, we launched our Concierge Service. This has, so far, proved a success in delivering a tailored service supporting other maritime businesses by offering guidance in accessing the UK market, as well as raising our profile going forward.

Recognising the outcome of the United Nations Climate Change Conference, COP26, held in November 2021 in Glasgow, we will use our networks and influence to support the goal of zero carbon emissions from shipping.

We will promote greener shipping as part of our effort to grow the wider maritime

economy. Our work will contribute to the success of the Department for Transport's Maritime 2050 strategy.

With the ongoing coronavirus pandemic, this year has not been without its challenges. Despite this, the UK remained committed to the Paris Memorandum of Understanding for Port State Control. The UK dropped down the White List in terms of performance for reasons attributed to the coronavirus pandemic, but we expect to improve our position when the next list is published.

The summer of 2021 saw a significant rise in migrants undertaking illegal crossings of The Channel, which caused huge pressure to our Coastguard service. This is

Early in 2022,
we proudly
celebrated
200
years of
HM Coastguard

still an ongoing concern, and we will continue to constantly review the way in which we manage these matters.

The UK Maritime Administration had a Member State audit by the International Maritime Organization in the autumn of 2021. The audit team were meticulous in their scrutiny of the UK Maritime



We will continue collaborative working and communications with the Royal National Lifeboat Institution (RNLI), other safety partners and local authorities on information for the general public to promote safe behaviours around our coasts.

Administration, of which the MCA forms the major part. We are hugely proud of the result, which showed that our operations as a flag, port and coastal state meet our international obligations. The audit has highlighted the need for us to put some outstanding and relatively minor legal instruments into UK law which we will complete by 2023.

Early in 2022, we proudly celebrated 200 years of HM Coastguard. We have planned events over the coming year to mark this significant milestone which will reflect on the evolution of our Coastguard service over the years, as well as provide insight into how our service will continue to evolve. We are immensely proud of the work that our committed

employees and over 3,000 community volunteers carry out in keeping our coasts as safe as possible, responding to maritime and coastal emergencies 24/7 365 days a year.

In the coming year, we will award contracts for our aviation needs to support search and rescue and other activities. These contracts will include a mix of helicopters, planes and uncrewed drones. The new assets will improve our already first-class search and rescue service and future-proof our aviation capability.

I have taken the decision to retire from my role as the Chief Executive and will be leaving the Agency in the Autumn. I have thoroughly enjoyed my time as Chief

Executive of the Maritime & Coastguard Agency over the past 4 years. Being able to work to make a difference in the world of maritime safety, leading a group of people whose work continues to lead the way in protecting seafarers, saving lives at sea and finding alternatives to help in the battle against climate change, has been an absolute privilege. Now is the time for me to take a step back, to let the highly capable Executive Team take up the reins of the work and continue to do the amazing things that even now, make me feel sad to be saying goodbye.

Brian Johnson
Chief Executive

Performance Report





Who we are and what we do

The Maritime & Coastguard Agency is an Executive Agency of the Department for Transport.

Our vision is to be a world-leading organisation, accelerating the transition to sustainable shipping with non-negotiable safety standards. We put our people, our customers and our planet at the heart of everything we do. This vision drives our commitment to safer lives, safer ships and cleaner seas, and our efforts to:

- **produce legislation and guidance and provide safety checks and certification to ships and seafarers;**
- **provide 24-hour maritime and coastal emergency response throughout the UK;**
- **promote maritime safety, encourage growth, and protect the environment, and**
- **collaborate with the Department for Transport to deliver the Maritime 2050 Strategy.**

We contribute to the wider Department for Transport's strategic priorities of growing and levelling up the economy, reducing environmental impacts, improving transport for the user and increasing our global impact.

Our Business Plan for 2021–22, available on [GOV.UK](https://gov.uk), details our plans.

Over the next three-years the Agency will focus its attention on the following strategic activities:

- **Being the world's best performing coastal state;**
- **Reducing preventable fatalities on the coast, and at sea;**
- **Being the world's best performing flag state;**
- **Being a progressive regulator;**
- **Encouraging and enabling decarbonisation of the maritime industry;**
- **Unlocking sustainable growth in the UK maritime economy, and**
- **Having the capacity and capability to deliver our ambitions**

Our achievements in 2021–2022

We issued
883
Boat Master's
Licences for
commercial operations
on inland waterways.

We surveyed
5,376
km² of seabed
under the Civil Hydrography
Programme

We responded
to over
36,000
incidents, dealing
with distress and 999 calls

Our search and rescue helicopters were tasked 1,975 times from their 10 bases. The coronavirus pandemic affected the profile of our helicopter taskings. Compared to last year, taskings decreased across the first, third and fourth quarters. However, the second quarter (July to September 2021) had 867 taskings, which was up from 764 in the same quarter the previous year.

There were 48 new ship registrations and at the end of March 2022 the UK Ship Register stood at 10million Gross Tonnes with 1,089 vessels.

We received 183 reports of wreck material.

In 2021–22 we issued 4,059 Notices of Eligibility and 13,634 Certificates of Competency and Certificates of Equivalent Competency.

Though our activities were affected by the coronavirus pandemic, we undertook 3,251 surveys and 2,523 inspections of UK ships. We carried out 1,556 Port State

Control inspections.
27 ships were detained.

Our Aerial Reconnaissance Aircraft responded to search and rescue and counter pollution incidents. This aircraft started to check that those in commercial fishing were wearing personal flotation devices when working and we took follow up action when needed.

We worked closely with the RNLI and others on public safety messaging that included advice to keep safe during the continuing coronavirus pandemic.

In the annual Civil Service People Survey, the Agency achieved an engagement index score of 66%. We secured reaccreditation to the externally assessed Investors in People Silver Standard.

We launched our new UK Shipping Concierge service. This innovative and exciting service gives customers the connections they need to make the most of the UK's shipping expertise.

Delivering against our 2021–22 Business Plan

Performance Overview

The MCA is made up of seven directorates: HM Coastguard, UK Maritime Services, Office of the Chairman & the Chief Executive, Information & Technology, Commercial & Programmes, Finance & Audit and Human Resources, Estates and Health & Safety. These directorates have been working against a holistic set of Key Performance Indicators (KPIs).

The KPIs covered digital strategy, future technologies, our services and meeting our customer needs; a full breakdown of performance against these KPIs is detailed in the performance analysis

below. Our KPIs for this reporting year, as well as future reporting years, are set to help us work towards our strategic activities set out in the Who we are and what we do section on page 12.



Performance Analysis

Performance against the targets is set out below:

MCA Digital Strategy Deliver a modern database solution for the short course records team removing non conformance.	31 March 2022	This KPI has been met. System went live in June 2021 and all data was migrated. This is now the system of record for Short Courses.
Provide a single record of approved doctors with technology enabled workflows enabling process efficiency; improved data quality; improved decision making & better customer (seafarer) experience.	31 March 2022	This KPI has been met. The web site for Approved Doctors and the back-end functionality went live in December 2021.
Digitise the Beacons Registry creating a public facing service, thereby simplifying process & enabling people with technology.	31 March 2022	This KPI has been met. System went live and public facing for beacons in September 2021. The product has moved into a continuous improvement phase where incremental value is being added.
Deliver a digital version of the Bunkers/ Certificate of Liability (CLC) process and system linked with the UKSR.	31 March 2022	This KPI has been met. The renewals and cancellations process within the Bunkers (Certificate of Liability) product went live on 14 February 2022.



In September, we launched the new UK Shipping Concierge Service at London International Shipping Week; a one stop shop set up to bring business to the UK economy by promoting the UK maritime offer and providing a service to ship owners and managers operating in a commercially competitive environment.

Future Technologies We will provide facilitation on a case-by-case for novel technologies in the fields of emission reduction and autonomy to support UK innovation in maritime.	31 March 2022	This KPI has been met. We provided facilitation to 17 Clean Maritime Demonstration projects and supported 17 policy driven queries This will continue as an ongoing requirement.
We will drive towards convergence on sustainable emission technology routes for shipping by developing a robust, unbiased and holistic understanding of all possible solutions and their application to maritime.	31 March 2022	This KPI has been met. At the end of March, work on the Technology Matrix first outputs was nearing completion, with arrangements being finalised for inclusion of the first significant outputs of it within the Department for Transport's Course to Zero Consultation (CZ).
We will act as technical and strategic partner to DfT in support of the Clean Maritime Demonstration Competition (CMDc) and the wider maritime decarbonisation programme.	31 March 2022	This KPI has been met. Engagement continues with the Clean Maritime Demonstration Competition close out report in early 2022-23.
We will collaborate with key partners and stakeholders to accelerate the transition to sustainable shipping with non-negotiable safety standards.	31 March 2022	This KPI has been met. Engagement continues with stakeholder partners to drive this initiative forward. This is an ongoing initiative.
We will work towards positioning the UK as a world-leader in emerging technologies by guiding and influencing regulatory change with both domestic and international policy makers.	31 March 2022	This KPI has been met. We are continuing to support domestic policy makers in both MCA and DfT, and are working with DfT on International Maritime Organization projects.
Our Services Search and Rescue: The response to all Maritime and Aeronautical incidents in the distress phase will be reviewed by an operational supervisor within 30 minutes of the distress alert being received or a distress phase being declared by HM Coastguard.	90% of all cases	This KPI has been met. 90.75% (4,915 of 5,416) of incidents were reviewed by an operational supervisor within 30 minutes of the distress alert being received or declaration of a distress phase. Last reporting year the MCA reviewed and took action within 30 minutes in 92.9% of incidents.
We will review 10% of incidents to which the national SAR network has responded to assess our compliance with Mission Conduct protocols and the effectiveness of outcomes. We will also seek feedback from stakeholders and learn any appropriate lessons for future operations in...	10% of incidents	This KPI has been met. 10.88% (2,558 of 23,507) of incidents which the national SAR network responded to were reviewed. Last reporting year the MCA reviewed 16.7% of incidents.
Other than because of the coronavirus pandemic, Coastguard Rescue Service (CRS) teams available for duty, not stood down or otherwise unavailable for tasking...	98% of the time	This KPI has been met. Our Coastguard Rescue Service teams were available for 98% of the time. Last reporting year our availability was 96%.

Aviation Other than because of the coronavirus pandemic, SAR Helicopters will be available to launch from each base location for at least...	98% of the time	This KPI has been met. Our SAR helicopters were available for 98% of the time. Last reporting year our SAR helicopters were available 99% of the time.
Aerial Surveillance – Other than because of the coronavirus pandemic available to reach anywhere within the Exclusive Economic Zone within 120 mins from launch...	95% of the time	This KPI has been met. Our Aerial Surveillance capability was available for 95% of the time. Last reporting year we reported the same result of 95%.
Pollution Incident Response Counter Pollution and Salvage Officer engaged in incident response within 10 minutes of activation and, where appropriate, other specialist counter pollution support personnel engage within 30 minutes of incident activation in at least...	95% of cases	This KPI has been met. Our Counter Pollution and Salvage Officers and other specialist resources engaged in incidents within 10 minutes 99% of the time. Last reporting year we engaged in incident response within 10 minutes in 95% of the time.
Protecting the UK's underwater heritage Droits received will be recorded and acknowledged within 48 hours of receipt.	95% of cases	This KPI has been met. 100% of the Droits received had been recorded and acknowledged within 48 hours. This was a new KPI for this reporting year.
We will launch a fully digital online wreck reporting service available to all customers by...	31 March 2022	This KPI has been met. The new service went live 24th August 2021 and was officially launched in October 2021.
UK Ship Register Focus UK Ship Register (UKSR) marketing on quality owners and quality vessels so that the average age of 90% of the internationally trading UK flag ships greater than 500 GT (gross tonnage) has an age of...	10 years or less	This KPI has been met. The average age of 90% of internationally trading ships >500 GT on the UK Ship Register fell to 13.72 years. Last reporting year the average age was 12.91 years.
We will improve our customer satisfaction survey scores.	31 March 2022	This KPI has been met. The overall customer satisfaction score increased from 62% to 64%.
To demonstrate that the UK operates a quality flag and so reduce the frequency of inspections of UK-registered vessels by other flag states, we will maintain the UK's position...	in the upper quartile of the Paris Memorandum of Understanding White List	This KPI has not been met. At the end of the year the UK was placed 13th on the Paris MoU White List and therefore was outside of the top quartile.

Our Flag & Port State Responsibilities We will monitor our Customer Satisfaction score and provide the best possible service during these difficult and uncertain times.	31 March 2022	This KPI has been met. The Customer Satisfaction Score was 96%. Last reporting year our Customer Satisfaction Score was 93%.
Within the parameters of Ministerial and Parliamentary availability as a result of the coronavirus pandemic, implement all MAIB Recommendations with target dates within the reporting period.	31 March 2022	This KPI has not been met. There are currently 6 outstanding MAIB recommendations on the Action Plan. Five of these actions will be implemented by the end of 2022, and the last one implemented by the end of 2023.
Use our best endeavours to meet the spirit of the European Directive requirement for Port State Control ¹ , taking account of the realities of the coronavirus pandemic.	31 December 2021	This KPI has been met. We carried out a total of 1,215 inspections in the calendar year.
Subject to the additional demands following the coronavirus pandemic, we will work with our oral examination candidates to offer the examination at the earliest opportunity.	31 March 2022	This KPI has been met. Both Engineer and Deck Exam oral exams continue to be conducted remotely. As of 31 March 2022, we had carried out a total of 3,773 exams comprising 2,628 Deck exams and 1,145 Engineer exams.
To support the safety of the travelling public and those working on UK Fishing Vessels, we will undertake domestic passenger ship inspections and fishing vessel inspections.	31 March 2022	This KPI has been met. We undertook: 1,787 Fishing Vessel Inspections 213 Domestic Passenger Vessel Inspections
In collaboration with industry, in particular the Fishing Industry Safety Group (FISG), and other Government Departments (including the devolved administrations), we will work towards delivering the objective of eliminating all preventable fatalities to fishermen by 2027, and see a reduction in the 3-year rolling average of fatalities.	31 March 2022	This KPI has not been met. We have missed our KPI for reduction in fishing fatalities; the three year rolling average remained static at 5 preventable fatalities with a consistent causation of man overboard, stability and personal accident. The new Code for small fishing vessels came into force on 6th September 2021, this along with increased collaboration with the Marine Management Organisation, actions resulting from reconnaissance flights, targeted inspection campaigns and ongoing communications packages aim to facilitate a reduction in the next period.

¹ Memorandum of Understanding sets out the agreement made by members in relation to Port State Control inspections, Annex 11 defines how quotas are set and included inspection of all Priority I vessels as defined by the risk matrix. [Paris Memorandum of Understanding](#)



Meeting our customer needs Parliamentary Questions: We will provide a response to Parliamentary Questions within due date (24 hours) in...	100% of cases	This KPI has been met. We provided a response to 100% (33 of 33) of Parliamentary Questions that we were responsible for answering. Last reporting year our response was 100% (30 of 30).
Freedom of Information: We will provide a response to Freedom of Information requests within 20 working days in...	93% of cases	This KPI has been met. We responded to 98.48% (195 of 198) of Freedom of Information requests within 20 working days. Last reporting year we responded to 98.5% (130 of 132).
Member of Parliament correspondence: Provide a response within 3 working days in...	100% of cases	This KPI has been met. We responded to 100 % (65 of 65) of Member of Parliament correspondence requests within 3 days. Last reporting year we responded to 100% (55 of 55).
Official correspondence: Provide a response within 20 working days in...	80% of cases	This KPI has been met. We provided a response to 100% (23 of 23) Official correspondence within 20 working days. Last reporting year we responded to 100% (23 of 23).
Prompt Payment: Payment of invoices within 5 working days in...	80% of cases	This KPI has been met We paid 84.18% (13,534 of 16,078 invoices) within 5 working days. Last reporting year 85.47% of invoices were paid within 5 working days.
Financial responsibilities Agency Finance: We will deliver within the budgets as published in the Main Estimate and Supplementary Estimate, and deliver any other targets set by the Department for Transport.	Meet set targets	This KPI has been met. MCA did not breach the controls total as set out in the Estimates.



In October, the audit of the UK Maritime Administration received one of the best reports the International Maritime Organization has ever issued, validating our work to be a world leading organisation.

Financial Performance Analysis

The MCA is funded through Parliamentary Supply voted to the Department for Transport.

At the end of 2021–22 the Agency had total net assets of £68.3million, comprising total assets of £310.4million and total liabilities of £242.1million. Our non-current assets include property, plant and equipment and intangible assets of £120.7 million, as well as right of use assets of £167.5million primarily made up of Search and Rescue helicopters of £148.2million.

In year our capital expenditure was £29.3million (2020–2021 £23.0million) which includes the requirements under IFRS16 incorporating costs

for new leases agreed in year of £1.2million. The budget was mostly spent on our new radio network infrastructure, £21.5million, and on developing our Blue Light Telecommunications systems.

Total operating expenditure has risen by £1.7million to £382.3million (2020–21: £380.6million). The main increases were in Staff costs £2.2million, Search and Rescue helicopters £4.3million and aerial surveillance and spraying £2.5million. These increases were largely offset by decreases in

Information Technology and Telecommunications £5.5million and Administration and professional £4.3million.

Total income has increased by £2.6million to £16.3million (2020–21: £13.7million) due to higher revenue of £2.4million from statutory services and £1.1million from operational services as the maritime economy recovered from the coronavirus pandemic, the impact of which was partially offset by £1.5million decreased other receipts from pollution recovery claims and rental income.



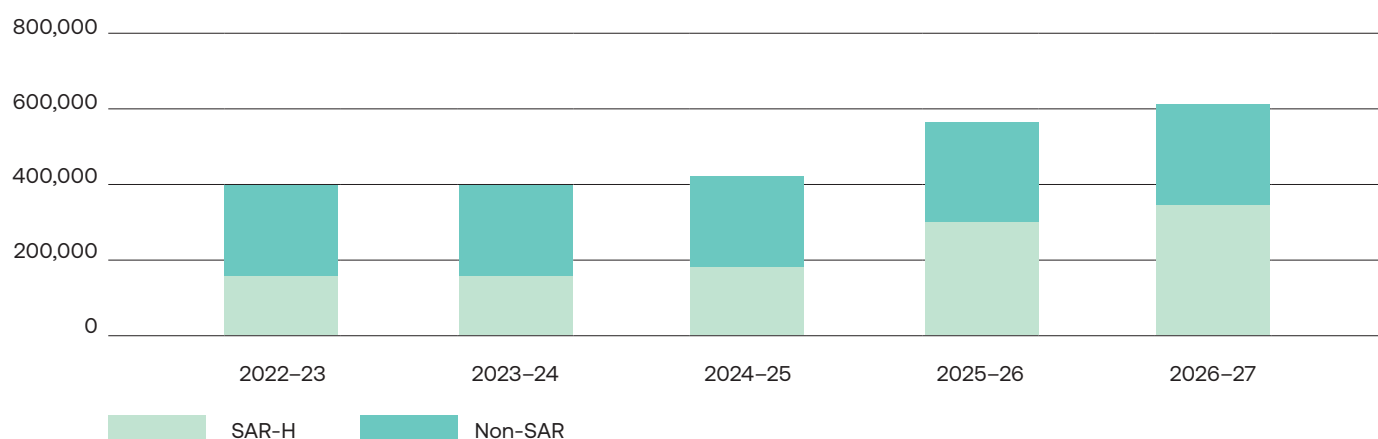


MCA Long Term Expenditure Trends

MCA net expenditure shown below includes the UK SAR Helicopter (SAR H) services under the existing contract terms and the second-

generation Search and Rescue contract due to commence from 2024–25. Expected expenditure trends in the graph below include leasing cost profiles altered by IFRS 16 and the contract for the replacement radio network infrastructure programme.

MCA Net Expenditure 2022–23 to 2026–27 (£,000)



Safer Lives – preventing loss of life

As coronavirus restrictions were eased in the early summer of 2021, we saw an influx of visitors to the coast, which peaked in July and August.

Our aim is to see the need for fewer search and rescue incidents and we work with others to promote a safety culture in both commercial and recreational activities.

Coastal and water safety

On average, 400 people drown in the UK each year², with a further 200 people committing suicide in our waters³. The National Water Safety Forum's Drowning Prevention Strategy aims to halve accidental fatalities by 2026 compared to 2016. We have been working with the Forum to promote a consistent and collaborative approach to beach and water

safety. That includes guidance for Local Authorities and beach owners to manage the safety of beaches:

www.gov.uk/government/publications/managing-beach-safety

The National Water Safety Forum has provided additional guidance on keeping safe:

www.nationalwatersafety.org.uk/advice-and-information/

The last two years have seen an increase in accidental

drowning and suicides. The rise in people taking advantage of the waters around and within the United Kingdom due to being unable to travel abroad is a contributing factor in the increase in incidents and related deaths. Our suicide support strategy offers training for Coastguard operators and volunteers who may be the first point of contact. We also have a support package in place following any traumatic incident.

² These 400 fatalities are non-commercial incidents.

³ Data from the National Water Safety Forum (NWSF) Water Incident Database (WalD)

⁴ Calendar year

⁵ www.nationalwatersafety.org.uk

In 2021⁴ we responded to 36,330 incidents, up from 33,580 in 2020. To help reduce incidents, we provided Local Authorities and beach owners with data on local incidents to highlight risks in their area and assist them in taking appropriate action such as deploying lifeguards and enhancing safety signage.

We play an active part in the National Water Safety Forum and provide our data to the Water Incident Database⁵, working with our partners to understand and reduce water related deaths. In further efforts to reduce incidents, we fed into the work of the Cabinet Office Beaches and Tourism Group, which coordinates approaches to public safety, and our Communications team worked on campaigns with the RNLI to provide consistent safety messaging and raise awareness of dangers at the coast.

To support community safety, we continue to work with the RNLI, bringing together our volunteers in local communities to share resources and provide safety messages. During the coronavirus pandemic our volunteers have worked with local communities on mutual aid patrols and early warning for emergency responders through observation of the public at the coast.

In 2021 we responded to
36,330
incidents, up from
33,550
in 2020

On average
400
people drown
in the UK
each year



Setting international shipping standards

In January 2016, the International Maritime Organization (IMO) Instrument Implementation Code became mandatory for Member States. The Agency has a role to play in oversight and governance of all ships and territories flying the Red Ensign on behalf of the UK Government.

Our work with Red Ensign Group (REG) partners towards achieving full compliance as a flag, port and coastal state against requirements set out in international maritime conventions helped us to achieve a positive outcome in the IMO Instruments Implementation Code (III Code) audit of the UK Maritime Administration conducted in October and November.

Under the Government's Conflict Stability and Security Fund Programme, we provide additional support to the Overseas Territories (OT) to build sustainable capability and reduce the UK Government's contingent liability in the event of a

maritime incident. We are developing a unified standard and training package for local surveyors and continue to progress legislation with the Attorney Generals and Maritime Administrations. Funding for pollution response equipment, navigational risk assessments and training for front line search and rescue and pollution responders is increasing capacity within the Territories.

Building on the foundations of III Code compliance, we are also providing technical and project management support to decarbonisation projects in the OTs developing alternative propulsion systems for OT flagged vessels and exploring the transfer of shipboard technology solutions to land-based power generation and environmental controls.

In October 2021, the IMO completed its audit of the UK and Category 1 REG states against the requirements of the IMO Instruments implementation Code (III Code). The MCA has the lead for the UK and REG's compliance with the III Code. IMO raised two Findings which is the fewest number of

Findings from their audits of IMO Member States to date and reflects the exceptional level of compliance and implementation of international maritime conventions by the UK and the REG. The IMO also highlighted best practice in the way that the MCA manages its oversight of the REG and delegated statutory functions. The MCA is now tasked by IMO to complete the III Code audits of the remaining Category 2 REG states as an integral part of the audit.

Safety of lives at sea

Our work to develop non-regulatory measures to improve maritime safety and seafarer health and wellbeing has continued. This included the publication of guidance on wellbeing at sea and the Human Element Advisory Group hosted a webinar on safety culture. At the International Maritime Organization, we supported a Resolution on Recommended Action to Facilitate Crew Change, Access to Medical Care and Seafarer Travel during the coronavirus pandemic.

The UK's requirements for carriage of medical stores on board vessels were reviewed to reflect the updated Ship Captain's Medical Guide and other developments.

We completed implementation of the 2018 amendments to the International Labour Organization's Maritime Labour Convention. We also implemented a process to monitor seafarers on UK ships working beyond their contracted dates due to the travel restrictions imposed during the coronavirus pandemic and issued guidance to shipowners.

Coastguard Rescue Service

Our Coastguard Rescue Service comprises over 3,000 community volunteers in 308 teams dispersed around the coast of the UK. They give their time to respond to emergencies and spread safety messages in their local communities. They are trained in the specialist skills of search, water (including flood water), mud and cliff rescue. The volunteers are led and managed by 102 employed operational staff.

As a category one responder, we remain committed to supporting the UK Coastal Local Resilience Forums, which plan, prepare for and respond to local and or significant national incidents and major emergencies.

We responded to
36,000
incidents this year

Search and Rescue coordination

We provide a round-the-clock emergency response search and rescue coordination service for the UK coast and surrounding waters out to the mid-Atlantic. During the year our Coastguard search and rescue coordination network responded to over 36,000 incidents, dealing with distress and 999 calls, tasking lifeboats, helicopters, other ships in the vicinity, other emergency authorities and volunteer coastguard rescue teams.



In March 2022

we responded to a Mayday call from a vessel, our helicopter and two RNLI lifeboats responded to locate the vessel and bring it and the three crew to safety in Whitby.

UK Second Generation Search and Rescue Aviation Programme (UKSAR2G)

UKSAR2G is the UK Second-Generation Search and Rescue Aviation programme that will take account of how demands on aviation services and technology have evolved to create a new service for the next ten years. These services will be provided through a blend of helicopters, planes and uncrewed aircraft (drones), and will continue to utilise spare capacity to support other Government Departments. The procurement for this new Coastguard aviation service reached the negotiation stage in 2021–22 and is on track to reach contract award in late summer 2022.

Coastguard Aerial Reconnaissance Service

Coastguard reconnaissance planes worked extensively throughout 2021–22 with a particular focus on detecting and tracking small boats crossing the English Channel. This activity is in addition to search and rescue elsewhere in the UK, pollution detection and the detection of criminal or anticompetitive activity anywhere in the UK's Exclusive Economic Zone.

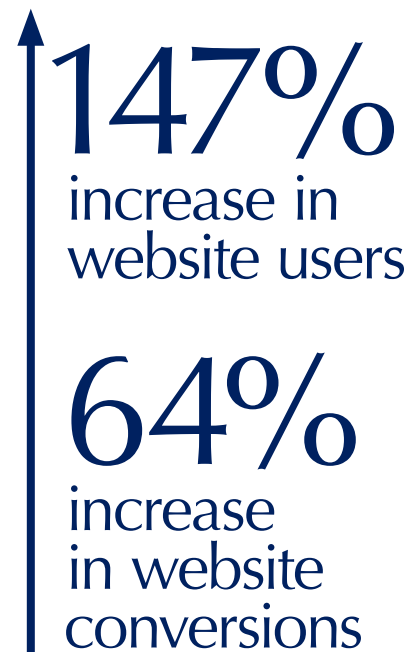
Mutual Aid Support during the Coronavirus Pandemic

Throughout the coronavirus pandemic Coastguard search and rescue helicopters provided additional support to the National Health Service (NHS) and others. Through close cooperation with health services, Civil Aviation Authority and Bristow Helicopters, our helicopter fleet was modified to carry coronavirus patients and isolation units.

Our helicopters supported the ambulance service to move patients between hospitals; a dedicated search and rescue aircraft was made available to the NHS to move patients in England during the coronavirus pandemic's second wave. Additional support was provided to the Scottish Ambulance Service and NHS Grampian to move coronavirus patients from the Isle of Barra during an outbreak on the island.

Radio Network Infrastructure Replacement Programme (RNIR)

Construction and commissioning of new digital remote radio sites continued through 2021–22. A number of Coastguard remote radio sites have been converted



from old analogue technology to modern fibre-based digital technology, improving performance and resilience. The Programme is on track to finish the construction phase by the end of 2022–23.

Blue Light Technical Transformation Programme

The Blue Light Technical Transformation Programme to stabilise, sustain and transform our blue light emergency information technology has moved to the sustain phase with early work started on the transform phase. By 2024 the Programme will deliver better command and control and incident management, an upgraded telecommunications system, improved business continuity arrangements, and a new search and rescue planning system.

Our public and media presence

We have launched safety campaigns, ramped up social media activity, featured in television programmes and news outlets and worked with partner organisations in order to deliver important safety messages to the public.

We celebrated HM Coastguard's (HMCG) 200th birthday on 15th January 2022, featuring in television programmes including BBC One Breakfast Show and Songs of Praise, raising our profile and communicating safety messages to an even wider audience.

We also featured in museum exhibitions around the country and were mentioned by a number of organisations

including the Met Office, Royal Life Saving Society, Royal Yachting Association and Clarence House, in a message from HRH The Prince of Wales. Our HMCG Twitter page achieved a total of 443,676 impressions and 81,374 engagements.

The UK Ship Register has grown its online presence significantly with 147% increase in website users compared to 2020 and a 64% increase in website conversions⁶ (which includes Contact Us forms submitted and use of fee calculator and indicator tools). We have also increased our online reach by growing our Twitter and LinkedIn channels by 20% and 33% respectively.

The UK Ship Register was a main sponsor of the London

International Shipping Week (LISW), as part of this sponsorship the wider Maritime & Coastguard Agency held five official LISW events watched by over 800 people. These sessions included decarbonisation in maritime and the launch of the UK Shipping Concierge Service.

A Home & Dry campaign for commercial fishing focused on the subject of vessel stability ran in December across social media, and included technical films featuring an MCA surveyor and banners/posters around UK ports. This Fishing Industry Safety Group campaign, facilitated by the MCA and SeaFish continued to promote safety and training to the commercial fishing industry.

Our social media profile has continued to grow over the past year with audiences on Facebook, MCA and HMCG Twitter, LinkedIn and Instagram climbing to:

95,000	58,400	and 9,160	54,105	11,800
on Facebook	MCA and HMCG Twitter respectively		on LinkedIn	on Instagram

From 1st April 2021 until 4th March 2022 our safety messages reached 3.4 million people on Facebook, with an engagement rate of 598,500.

During the summer months (May until September 2021) we launched a coastal safety campaign with the RNLI, reaching a

total number of impressions of 2,823,568 on Facebook, earning 174,197 impressions on our HMCG Twitter account, and a total of 14,716 likes on Instagram posts. The overall campaign achieved 320 million Opportunities to See (the number of chances someone will get to see the campaign).

Safer Ships – improving maritime safety

The UK relies on shipping for about 95%⁷ of our imports and exports. A safe environment for ships and professional seafarers supports growth by facilitating trade and a vibrant maritime sector.

Safety of lives at sea

The Agency continued development of regulatory and non-regulatory measures to help improve maritime safety and seafarer health and wellbeing. In particular, the regulations governing entry into enclosed spaces were updated and extended to fishing vessels. The MCA has issued supporting guidance and promotional materials, which will be built upon in the coming months.

The maritime Safety Climate Tool, a collaboration

between the Health and Safety Executive, shipping companies and the MCA, was launched in September 2021. The industry working group for review of the Code of Safe Working Practices for Merchant Seafarers continued its work, publishing its regular updates to the Code in October 2021 and looking at options to make the document more accessible.

The International Labour Organization's (ILO) Special Tripartite Committee on the Maritime Labour Convention, 2006 (MLC) met in April 2021

to consider the impact of the coronavirus pandemic in the light of MLC compliance. In May 2022, the second part of that meeting took place to discuss proposed amendments to the Code addressing the issues identified. The amendments were primarily intended to address the negative impacts of the coronavirus pandemic and other gaps in coverage which were highlighted or exacerbated by the coronavirus pandemic. The MCA took an active part in the meeting. Eight out

7 UK Port Freight Statistics 2020 (DfT)

46,134 medical examinations conducted

of the twelve amendments proposed, all of which the UK supported, were adopted, a further two resulted in Resolutions and two were deferred to the next meeting for further consideration.

In 2021, our network of MCA approved doctors conducted 46,134 medical examinations to check that seafarers were fit to work at sea, including 1,425 fishers. This is lower than pre-pandemic levels by 5,728, but 7,567 higher than last year's low. The development of our online medical system was completed in December 2021, and it will be rolled out to doctors during 2022. This system delivers improved services for doctors and seafarers and by the end of the year we expect to have much better control and access to ENG1 statistical data.

Setting standards

By setting standards and producing guidance, we create a level playing field for the UK maritime sector and influence ships operating in UK waters and seafarers on UK ships to follow best practice. We work in partnership with colleagues across Government and key stakeholders to negotiate international maritime policies, regulations and technical standards, principally at the IMO and the ILO.

The following Regulations were introduced during the year:

- **The Merchant Shipping (Cargo Ship) (Bilge Alarm) Regulations 2021;**
- **The Merchant Shipping (Prevention of Pollution from Noxious Liquid Substances in Bulk and Prevention of Oil Pollution) (Amendment) Regulations 2021;**
- **The Merchant Shipping (Radiocommunications) (Amendment) Regulations 2021;**
- **The Merchant Shipping (Polar Code) (Safety) Regulations 2021;**
- **The Merchant Shipping (High Speed Offshore Service Craft) Regulations 2022, and**
- **The Merchant Shipping and Fishing Vessels (Entry into Enclosed Spaces) Regulations 2022**

We also published the following Codes of Practice:

- **Code of safe working practices for merchant seafarers (COSWP) 2021, and**
- **Safety codes of practice for small (up to 24m) vessels 2021**

Monitoring and enforcing standards

By monitoring compliance with UK policies, regulations, technical standards and international requirements, we provide an assurance of safety, protection of the environment and the health and welfare of seafarers.

Though our activities continued to be affected by the coronavirus pandemic, this year we were able to increase the number of surveys and inspections that we undertook to ensure safety was maintained. We undertook 3,251 surveys and 2,523 inspections of UK ships and carried out 1,556 Port State Control inspections. We carried out 23 inspections of roll-on roll-off passenger ferries and passenger high speed craft operating between the UK and Europe and found 59 deficiencies requiring corrective action. We completed 1,130 inspections for compliance with the International Marine Pollution Convention's Air Pollution requirements and fuel sampling and the contractor tested 307 samples which were all compliant.

When necessary, we take appropriate and proportionate action. In 2021–22, we investigated 202 new cases and conducted five prosecutions. Other enforcement sanctions are also used.

We authorise six Recognised Organisations, which are members of the International Association of Classification Societies, to carry out a proportion of our statutory survey work. For smaller vessels that operate under Codes of Practice, we have authorised 10 Certifying Authorities to survey and issue certificates on our behalf. We undertake risk-based audits of their offices and surveyors.

UK Ship Register & The Red Ensign Group

As part of our Directorate of UK Maritime Services, the UK Ship Register maintains international standards. During 2021–22, there were 48 new ship registrations totalling 261k Gross Tonnes (GT). The total tonnage on the Register decreased by 2.99% and at the end of March 2022 the UK Flag stood at 10 million GT with 1,089 vessels. The UK Flag stood at 23rd largest in the world by tonnage and is the 9th largest in Europe.

The UK was ranked 13th in the list of top performing Flag States in the Paris Memorandum of Understanding on Port State Control. We are in the whitelist of the Tokyo Memorandum of Understanding list of Quality Flag States. The UK also retained United States Coast Guard's Qualship 21 award for exemplary safety management.

As part of the Flag offer, the UK Ship Register expanded its international footprint and launched a Greek sales operation. This allows the UK Ship Register to build valuable long-term partnerships with local ship owners as well as strengthen the presence of the UK Flag in the Greek shipping industry.

An overall strategy will be defined and deployed in 2022–23 for the Red Ensign Group Responsible Flag. The British Flag amounts to 38 million Gross Tonnage and is made up of the UK, nine Overseas Territories and three Crown Dependencies, each of which operate their own British ship register. Any vessel on these registers is a British ship. Taking account of all the territories able to fly the Red Ensign, British shipping is the 9th largest international fleet. We work collaboratively to ensure all ships flying the Red Ensign are maintained and operated to the highest standards and monitoring visits check that maritime standards are maintained. This year, we undertook checks on the Administrations of Gibraltar and the British Virgin Islands.

Seafarers

We support UK seafarers by setting training and certification policy and standards, carrying out college course approvals and undertaking examination moderation as well as the marking of borderline examination papers. We also provide examination and certification services.

Some 36,000 seafarers hold UK Certificates of Competency or Certificates of Equivalent Competency. In 2021–22 we issued 4,059 Notices of Eligibility and 13,634 Certificates of Competency and Certificates of Equivalent Competency. We also issued 883 Boat Master's Licences for commercial operations on inland waterways.

In addition, 5,143 temporary Certificates of Competency, issued as a result of the lockdown measures introduced during the coronavirus pandemic, were replaced with new credit card style permanent certificates, and 1,892 temporary Flag State Endorsements were replaced.

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In 2021–22 we issued
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Eligibility



Safety of Navigation

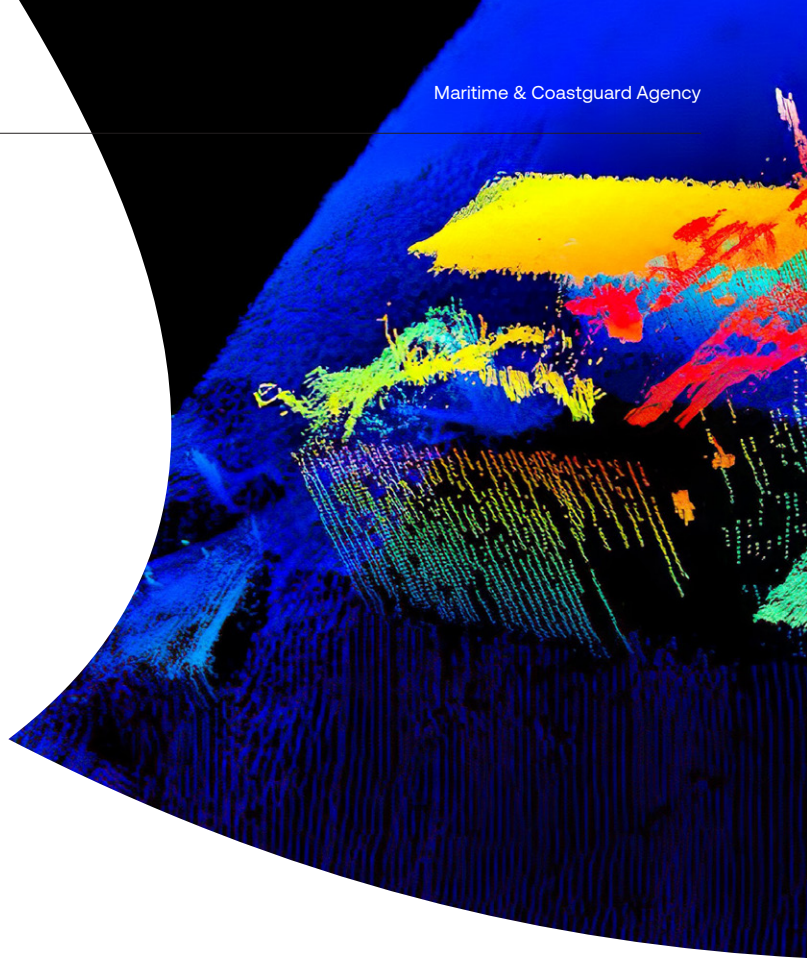
To meet the UK international obligations under Chapter IV and Chapter V of the Safety of Life at Sea (SOLAS) Convention 1974 and Convention on the International Regulations for Preventing Collisions at Sea 1972, we:

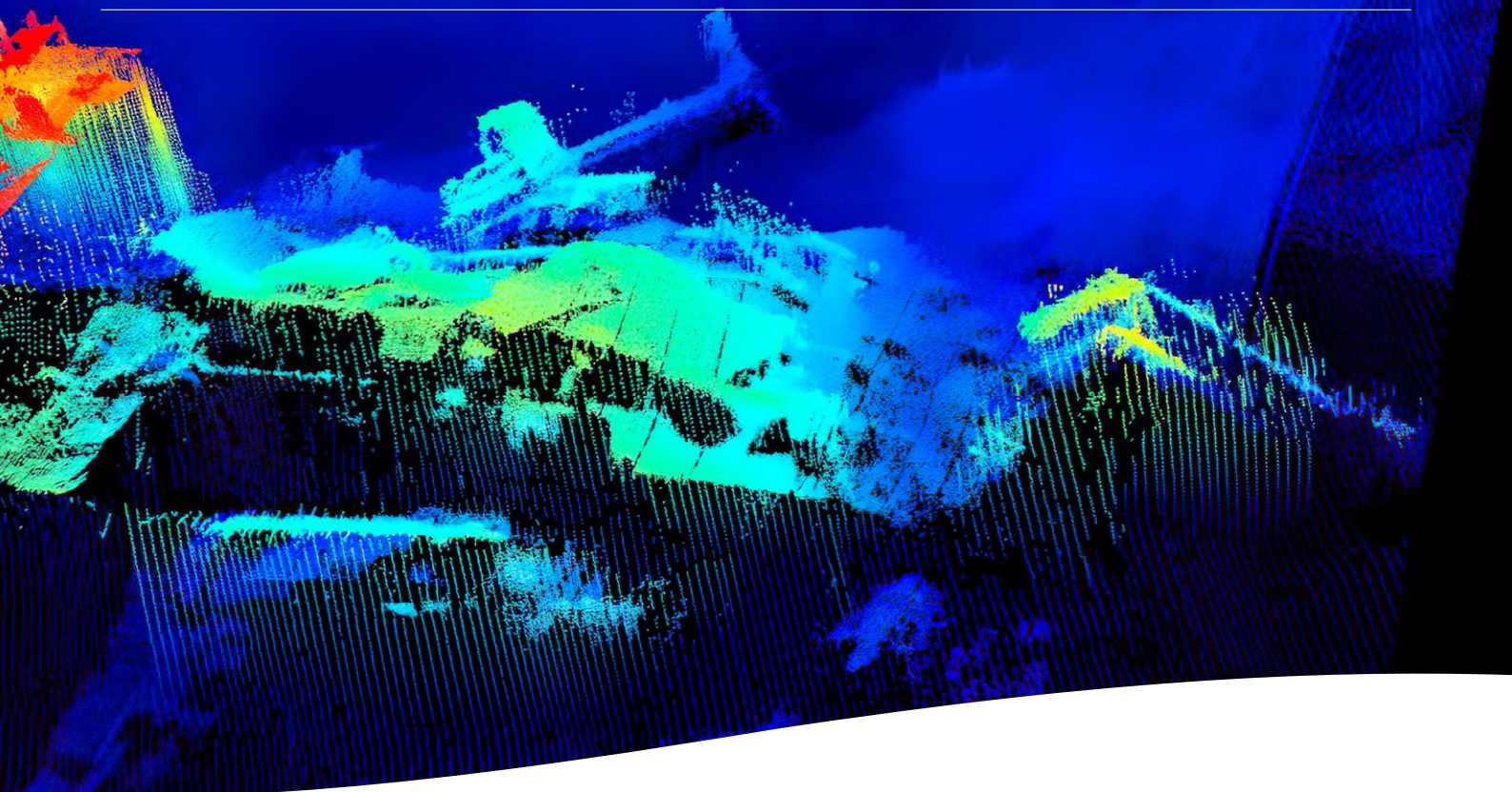
- **Implement SOLAS Chapter IV and V ship obligations in UK regulation;**
- **Manage and deliver the UK Civil Hydrography Programme (CHP) and ensure that UK home waters are adequately surveyed for the safe update of navigational charts and publications;**
- **Manage and deliver the UK Marine Weather Service (MWS), in collaboration with the Met Office and the BBC, ensuring that suite of shipping forecasts and warnings and Maritime Safety Information (MSI) are communicated to sea-users;**
- **Maintain close liaison and contacts with the DfT, and the UK and Ireland General Lighthouse Authorities (GLA) to ensure delivery of a modern, reliable and economic Aid to Navigation (AtoN) service to assist the safety of all classes of mariners in general navigation;**
- **Engage with the development and maintenance of around 150 international navigation and radio equipment standards, as well as provide policy and guidance for the carriage and use of navigational and radio equipment on board ships;**
- **Implement and monitor traffic routing and reporting measures to assist safe navigation and improve the provision of navigation and weather-related advice information to the mariner by means of MSI and appropriate E-navigation implementation, and**
- **Co-ordinate the UK's Long-Range Identification and Tracking Data Centre.**

In addition to meeting the UK SOLAS obligations we provide advice to other Government organisations on marine licensing, planning, marine protected areas, offshore renewable energy installations, autonomous shipping, maritime cyber security and matters affecting maritime radio spectrum. We are also advising and developing guidance to those in the space industry where their activities impact shipping.

We maintain the Consolidated European Reporting System that manages the flow of reporting data from vessels arriving in the UK, transmitting it to the European THETIS system to inform our ship inspection regime. Information is also supplied to other government departments such as Border Force and the Office of National Statistics.

We fund, manage and deliver the Civil Hydrography Programme, working in partnership with the UK Hydrographic Office. We also fund and manage the UK Marine Weather Service, in partnership with the Met Office, as the UK National Meteorological Service, the BBC, and the Public Weather Service Group.





Eight Port Marine Safety Code (PMSC) health-checks were conducted and we worked with other government departments and industry to improve the application of the Code and its Guide to Good Practice. We published a report highlighting emerging trends from the health checks and conducted the three yearly compliance exercise for the PMSC. We recognise and approve Vessel Traffic Services (VTS) in the UK, monitor compliance with international standards and implement the guidance from the International Association of Lighthouse Authorities (IALA) VTS committee.

We receive over 1,000 applications for new UK radio transmitters annually. Each is reviewed to avoid harmful impact to maritime radiocommunications and safety. We engage with international forums on issues including electronic chart implementation, Global Maritime Distress and Safety System modernisation, international provision, use and protection of maritime radio spectrum, bridge navigation and radiocommunications product performance and test standards. We support other MCA policy areas in maritime radio matters and set requirements for radio installations on large fishing vessels and domestic cargo ships

Looking towards the future

Our work on Maritime Future Technologies continued through engagement with academia and industry supporting the development and implementation of cutting-edge innovation in both emission reduction and autonomous shipping across the Maritime sector.

This alongside our work on evolving the regulatory framework and seafarer training, as well as the new Concierge Service, is supporting the maritime economy and positioning the UK as a leader in future developments.

Cleaner Seas – protecting the environment

The UK is a signatory to international conventions that place duties on contracting parties to protect the marine environment, including:

- **The United Nations Convention on the Law of the Sea;**
- **International Convention on Oil Pollution Preparedness, Response and Co-operation;**
- **International Convention Relating to Intervention on The High Seas in Cases of Oil Pollution Casualties (The Intervention Convention), and**
- **The Convention on The Prevention of Marine Pollution by Dumping of Wastes and Other Matter (the London Convention).**

With around 17,000 kilometres of coastline, the UK has one of the longest coastlines in Europe. The UK Exclusive Economic Zone encompasses a sea area of some 773,000 square kilometres with offshore oil and gas infrastructure and some of the world's busiest shipping lanes. Whilst oil pollution is a major source of environmental damage, vessels transporting other hazardous and noxious substances also present a pollution risk. The scale of actual marine pollution continues to fall, however, the risks of marine pollution remain and are proactively managed.

Counter Pollution

As part of HM Coastguard, our Counter Pollution and Salvage function leads on the maintenance and implementation of the UK's National Contingency Plan for Marine Pollution from Shipping and Offshore Installations. We manage preparedness for and response to all marine pollution within the UK Exclusive Economic Zone, we also monitor and support pollution response on the shoreline.

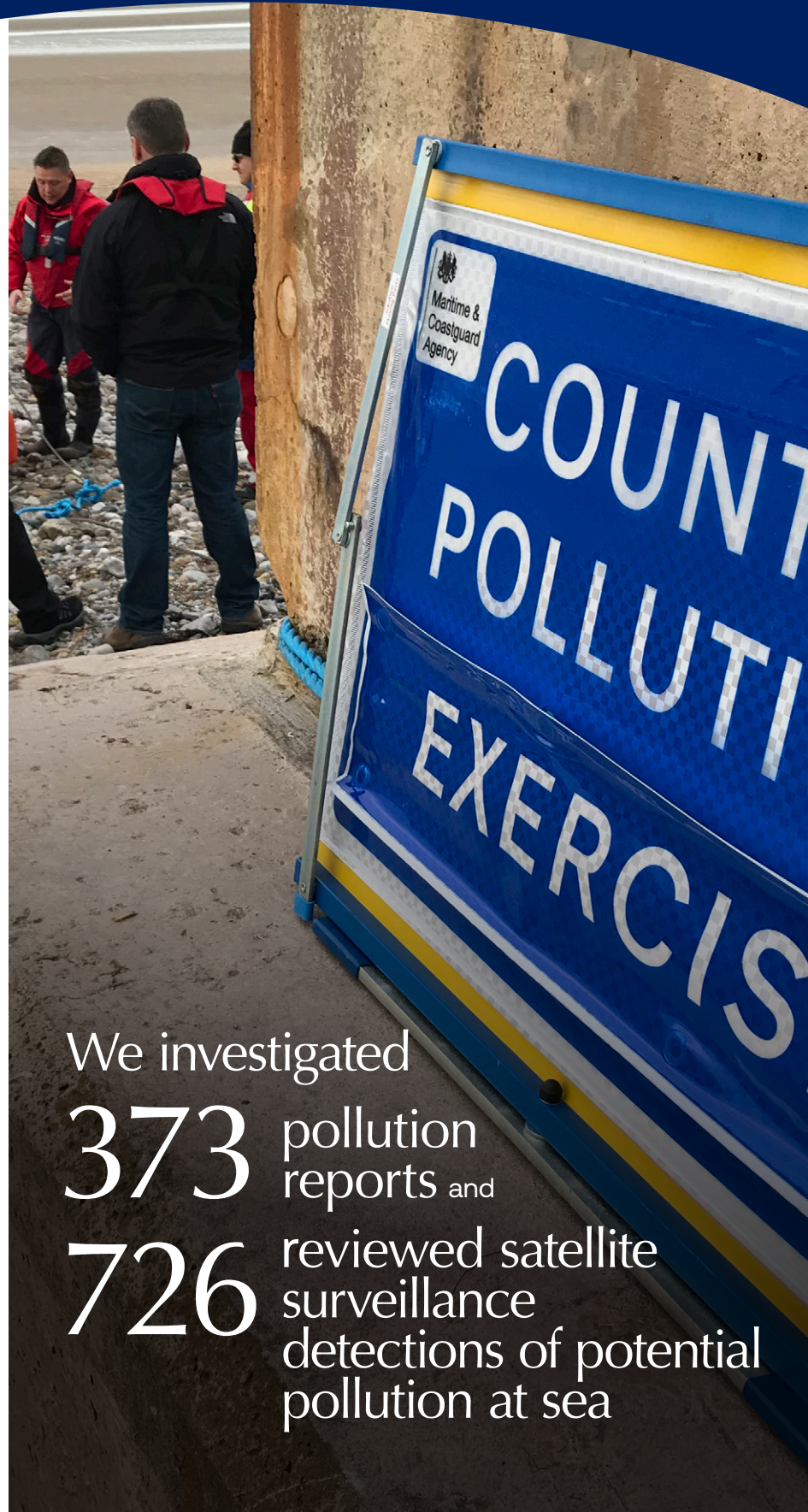
We investigated over 402 shipping casualty incidents and 373 pollution reports. In addition, we reviewed and investigated 726 satellite surveillance detections which indicated potential pollution at sea. Alongside the Offshore Petroleum Regulator for Environment and Decommissioning we

A sea area of **773,000** square kilometres

November 2021
we attended COP26 in
Glasgow, highlighting our
work on decarbonisation
in maritime and a
team of Coastguards
worked alongside other
emergency services to
keep people in the river
city safe during the event

considered over 1,098 Petroleum
Operational Notice reports,
taking action where necessary.
Our liaison and interaction with
both national and international
partners have been maintained
throughout the coronavirus
pandemic. The easing of
pandemic restrictions in autumn
2021 allowed the recommencing
of live oil spill response training
and a resumption of face-to-
face counter pollution response
training with Local Authorities.

We investigated
373 pollution
reports and
726 reviewed satellite
surveillance
detections of potential
pollution at sea



Receiver of Wreck

The Receiver of Wreck administers Part IX of the Merchant Shipping Act 1995 relating to matters of wreck and salvage. All recovered wreck material must be reported to the Receiver of Wreck regardless of age, size or apparent value. We received 183 new reports of wreck material in 2021. The Receiver of Wreck also dealt with 125 reports of stranded dolphins, porpoises, whales and sturgeon in 2021 under the Prerogative for Royal Fishes. A new online reporting facility making it simpler and faster to make reports was launched on GOV.UK – www.gov.uk/report-wreck-material.

Secretary of State's Representative for Maritime Salvage and Intervention (SOSREP)

The SOSREP represents the Secretaries of State for Transport in relation to ships and Business, Energy and Industrial Strategy in relation to offshore installations by removing or reducing the risk to safety and the environment arising from accidents involving ships, fixed or floating platforms or sub-sea infrastructure. The intervention powers available to the SOSREP extend to UK territorial waters (12 nautical miles from the coast/baseline) for safety issues and to the UK Exclusive Economic Zone (200 nautical miles or the median line with a neighbouring state) for pollution incidents. For pollution incidents from offshore installations the powers extend to the UK Continental Shelf. The SOSREP makes crucial and time-critical decisions, without

delay and without recourse to higher authority and has the ultimate and decisive voice for maritime salvage, offshore containment and intervention.

During the year there were 17 incidents which required SOSREP involvement, one of which required a sustained level of involvement. This incident related to the Floating Production Storage and Offloading (FPSO) vessel, Petrojarl Foinaven, an ageing offshore installation that had first been reported as showing signs of serious deterioration back in 2020. Close cooperation between the SOSREP, Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) and the Health and Safety Executive (HSE) ensured that a united and consistent Government line was maintained in making the operators aware of the safety concerns that needed to be addressed. This pressure led to the FPSO operators deciding to decommission the asset removing the ongoing safety issues.

SOSREP is coordinating an IMO correspondence group tasked with updating the IMO Guidelines on Places of refuge, issued in 2003. The review aims to update the guidelines, taking into account developments and incident lessons from the past 20 years and making the document useable for practitioners around the world.

This year ^{there were}
17 incidents
 requiring
 SOSREP
 involvement

Following a leak in a 12km oil pipeline between the Douglas Offshore Storage Installation and Conwy Platform, SOSREP worked alongside the operator whilst the source of the leak was identified and repaired, preventing a large-scale pollution and safeguarding the environment.



Our People

We use the results of the annual People Survey to monitor our performance and to inform action where this is needed. Our staff and their wellbeing are supported through our commitment to a set of positive behavioural expectations and through our staff networks.

We celebrate the excellent work our people do through blogs in our in-house communication channels. We have introduced a digital magazine called Coast-To-Coast to highlight the Agency's breadth of work for our own people and our customers and stakeholders.

In January 2022 we celebrated the 200th birthday of the Coastguard, events took place around the UK as we celebrated the positive impact the service has had and continues to have on safety and lifesaving through a combination of our 3000 volunteers and permanent staff working 24/7 every day of the year.



We issue certificates to mark long service, we use our Recognising Positive Impact scheme, instant reward vouchers and Chief Executive's Awards to recognise outstanding work and exemplary behaviours. We also use the formal Honours process to nominate exceptional staff and volunteers for national awards, including the Merchant Navy Medal.

We encourage job applications from people with diverse backgrounds and life experiences. Where individual candidates can demonstrate that they meet the essential requirements of a role we will guarantee them an interview under the Disability Confident Scheme. Employees who may become disabled can be supported by reasonable adjustments to enable them to work, develop and progress.

Learning and development activity included:

- **Leadership and management development programmes, and**
- **Apprenticeships at all levels.**

It is to the mutual benefit of the MCA and our staff that employees are represented by Trade Unions. We have recognised both Prospect and the Public and Commercial Services Union under collective bargaining procedures. Trade Union representatives have appropriate time to carry out their duties and consultation over changes to working practice or procedures is encouraged. Good relationships are promoted through our Joint Negotiation and Consultation Committee.



Health and Safety



Management Arrangements

We continue to realign and refine our Health and Safety policies, plans and arrangements to support a reduction in bureaucracy and simplify their use whilst maintaining compliance. Regular reports are discussed as a 'Safety First' agenda item at management meetings including the Executive Team, Agency Board and other management team meetings. The performance of the Agency's safety management system is measured by internal audits, the analysis of leading and lagging indicators including accidents and near misses and the analysis of sickness absence. Significant changes in performance are reported to the Agency's top management groups and actions identified to mitigate any risks identified.

Our focus is on behavioural safety rather than processes and procedures. The National Health and Safety Committee has been replaced by a structure incorporating a Health & Safety Steering Group and Health & Safety Working Group supported by ad hoc theme specific working groups to advance specific issues as they are identified.

In 2021–22 a
three year
strategic improvement
plan was agreed

Improvements from last year's plans

In 2021–22 a three-year strategic improvement plan, linked to the MCA Way cultural change programme, was agreed by the Executive Team. Other achievements included:

- **Basic Health and Safety training including links to the MCA Way and behavioural safety was delivered to new joiners;**
- **Behavioural Science for Leading Safety course was designed and delivered to the Executive Team and members of the senior leadership community;**
- **The MCA Way and behavioural safety content was designed and delivered in the Ignite and Flare programmes; the HR led packages focused on developing leadership skills within HMCG;**
- **General Health and Safety training was delivered to HM Coastguard and Surveyor foundation courses;**
- **Improved Health & Safety monthly reports were implemented;**
- **Training on awareness of Health & Safety accountability and responsibility for senior management was provided;**
- **The Health & Safety portal was refreshed to improve the user journey and content;**
- **A service provider for a Health & Safety incident reporting system has been identified along with streamlining of Health & Safety Documentation, and**
- **A Safety Climate Survey to benchmark the safety climate across the MCA was completed and results reported to the Executive Team.**

Attendance Management

The Agency's sickness absence rate is monitored and reported corporately. The MCA's management information system provides managers at all levels with the ability to monitor and analyse the sickness absence in their areas of responsibility. Sickness absences including those related to coronavirus are recorded and discussed at management meetings.

Training

The 'first 100 days' Induction training for new staff includes site specific introduction for health and safety arrangements, including general fire and safety, first aid and welfare arrangements. The content has been updated to include reference to behavioural safety and the links to our cultural charter, the MCA Way. Civil Service required learning for all staff also includes health and safety requirements including fire safety and manual handling training if required.

Occupational Health & Safety

We continue to strive for improvements in occupational health and wellbeing including pressure and stress management. During the year we have introduced a range of support tools covering personal wellbeing and the management of pressure and prevention of work-related stress. Our focus this year has been on renewing our Occupational Health service provision, revising Occupational Health Standards and ensuring the network to support this renewed focus is aligned to both business and employee needs.

Sustainable Development

We are embedding sustainable development to live within environmental limits, support a strong, healthy and just society, achieve a sustainable economy, practise sustainable procurement and promote good governance.

Overview

We recognise the government's aspiration to make all of central government's vehicles zero emissions by 2027. The MCA will explore all options available for acquiring zero-emission vehicles to meet the government's target and have 19 vehicles on order.

We are committed to achieving the targets set out within the Greening Government Commitments Agenda. A new framework of targets has now been agreed and was published this year.

Key changes set out under the new framework include:

- **changing the target baseline year from 2009 to 2010 to 2017 to 2018, to reflect the current government estate and ensure government builds on the progress it has already achieved since 2009 to 2010;**
- **setting more stretching targets on the core areas of emissions, water, waste and domestic flights, and introducing new measures on biodiversity, climate adaptation and food waste;**
- **integrating the transparent reporting requirements into the core GGC targets for biodiversity and climate adaptation, and**
- **reorganising the targets into headline commitments and sub-commitments, so that departments can commit to common overall objectives, with sub-commitments which contribute to the overall aims**

We have agreed a specific set of targets which will feed into the overall departmental objectives.

The following table provides a high-level overview of our performance for 2021–22 in relation to MCA's specific target areas. The 2020–21 lower figures were a result of the coronavirus pandemic.

	Baseline 2017-18	Achieved 2020-21	Achieved 2021-22
Car Hire – Total Mileage (Scope 3)	1,118,267	449,638	683,427
Domestic Flight (Total Number of Flights) (Scope 3)	1,920	481	833
Domestic Flight (Total Flight Miles) (Scope 3)	1,875,491	156,558	814,188
Medium Haul Flight (Total Mileage) (Scope 3)	1,232,445	10,619	49,954
Long Haul Flight (Total Mileage) (Scope 3)	2,391,692	141,866,00	913,988
Rail (Total Mileage) (Scope 3)	1,063,130	83,263	336,967
Water Litres	14,689,791	7,581.00	10,797,000
Paper (Total A4 Reams)	4,419	1,300	2,177
Waste (tonnes) (HQ only)	59.0	38	22.5
Oil in Kwh (Scope 1)	263,596	373,473	255,349
Gas in Kwh (Scope 1)	2,388,403	2,231,941	2,026,698
Electricity in Kwh (Scope 2)	8,072,597	7,432,830	7,575,048

The table below represents the gross expenditure during 2021–22 for energy

Utility	Cost (£)
Electricity	1,332,244.10
Gas	115,005.42
Water and Sewage	136,456.08

Water

Our water conservation comprises individual targets based on utilisation of the estate, and more general practical measures aimed at reducing overall consumption, including detection and action should any leaks be suspected or detected through bill validation.

Waste Minimisation – Single Use Plastic

MCA has reduced unnecessary single use plastics wherever possible across the estate and continues to support ongoing reductions and elimination of these plastics in relation to the products and services the Agency procures.

Flights

In line with the Greening Government Commitments Framework the Agency has a specific target to reduce domestic flights against a 2017-18 baseline. Reducing the number of domestic flights taken has represented a specific challenge previously for the Agency due to the operational nature of our organisation. The agreed approach to this is a combination of challenging specific travel and promoting technology as an alternative to travel. This approach has delivered an overall reduction against the baseline. Given the difficulty this target presents for MCA an exemption for operational flights has been granted under the new Government Greening Commitment framework. We also continue work on reducing the number of international flights where it is viable to do so. Overall expenditure on business travel totalled £676,179, which is made up of £379,877 for flights, £79,737 for rail and £216,565 for hire cars.

The MCA Estate Reducing Energy Consumption and Waste

The MCA's estate comprises just under 500 sites around the UK, many in remote locations. The diverse nature of the estate means that properties vary greatly in size, age, condition and location. There are short and long-term plans to achieve the required target reductions. We plan to deliver a streamlined, sustainable and highly effective estate.

Currently only HQ waste data can be collated, the MCA is planning to develop an Agency Waste Strategy as well as a Waste Management Plan over the next year. This will ensure effective measurement, management, and compliance in terms of all waste management processes. Waste and recycling costs for 2021-22 totalled £70,733.05.

Paper Use

The Agency paper consumption continues to reduce in line with set targets. 2021-22

saw a 50% (2,177 reams) reduction of paper use against our baseline figure. However, this was an increase on our usage compared to 2020-2021 when we used 1,300 reams which represented a 70% reduction against the baseline. Whilst we continue to strive to reduce our use of paper, the fluctuations are largely representative of the impact of the coronavirus pandemic and restrictions on our ability to use printing facilities in our buildings and flexible working arrangements.

Climate Change Adaptation

The Agency recognises the importance of adapting to climate change as part of our planning processes. We take part in the Department for Environment, Food and Rural Affairs planning and reporting activities as well as contributing to the DfT commitments.

Sustainable Procurement

The Maritime & Coastguard Agency recognises the significant impact that our procurement decisions have on sustainability outcomes, and we are committed to ensuring that our supply chain supports our sustainable development goals. We are working toward the targets in the Government Greening Commitments (GGC), in particular by:

- **Issuing guidance notes to staff on sustainable procurement, which underwent significant revisions this year to include emerging issues like modern slavery in the supply chain,**
- **Training all staff within the Procurement Team and contract managers across the Agency in sustainable procurement principles and having the promotion of sustainable procurement as a key objective for each of them,**
- **Including basic sustainability requirements in all procurement processes, and more advanced criteria where contracts are high value or have a high sustainability risk.**

- **Actively engaging with suppliers and internal order placers to promote continuous improvement in sustainability performance throughout the term of a contract; sustainable procurement successes this year include:**
 - the introduction and piloting of two new tools to help priorities our sustainable procurement focus and measure social value in contracts, and
 - the introduction of sustainable procurement performance targets for contract managers for the first time.

Nature Recovery and Biodiversity Action Planning

The MCA does not currently have Nature Recovery Plans in place, but development of these has been incorporated into longer term estate planning.

Reducing environmental impacts from IT and Digital Equipment

The MCA dispose of redundant IT equipment through Restore technology under a 'zero' landfill agreement. There were 6 collections during the year, amounting to 828 items recovered by the contractor for recycle, reclamation or reuse. The table below identifies the amount of waste (by weight) collected by Restore between April 2021 and March 2022. Comparable

Waste Type	Weight (tonnes)
Waste electronic and electrical equipment containing hazardous components: Recycled	3.485
Waste electronic and electrical equipment reused	1.051
Media: 200135	0.002
Batteries Mixed: 200133	0.008
Monitors – Disposed	1.229
Monitors – Reused	0.009
Total Tonnes	5.784

figures for 2020–21 are not available due to a supplier change. Figures will be available going forward.

The MCA utilise Crown Commercial Services framework agreements to underpin its procurement activity, which contain standardised clauses to ensure suppliers registered have adopted a sustainable supply chain approach.

During the coronavirus outbreak the MCA fully adopted the use of Microsoft Teams to support collaborative working, enabling remote working and remote conferencing capability. Whilst there has been a return to the office, this technology continues to support a Hybrid approach, reducing emissions from the daily commute. This is not a metric that is currently measured by the Agency.

Plans for the Future

From the next financial year, we will be focusing on the range of targets and objectives now set out within our Sustainability Strategy. This document sets a forward plan for the Agency in terms of milestones and timelines and ensuring we fully meet our commitments.

The full set of overall GGC targets and objectives can be viewed at www.gov.uk/government/publications/greening-government-commitments-2021-to-2025/greening-government-commitments-2021-to-2025



12 October 2022

Brian Johnson
Chief Executive



10 January 2023

Damien Oliver
Chief Executive

Accountability Report



Corporate Governance Report

Directors Report

The Maritime & Coastguard Agency Board is the highest decision-making body in the Agency. Its role and relationship with other management groups are set out in the Governance Statement (see page 52). The composition of the Board, including advisory and non-executive members, during the year is shown below:

Christopher Rodrigues, the **Non-Executive Chairman** from 12 April 2021.

Brian Johnson, the **Chief Executive**, the Agency's Accounting Officer and responsible for Risk Management and Maritime Governance, Improvement and Assurance.

Katy Ware, the **Director of UK Maritime Services** Her key responsibilities were the United Kingdom's statutory obligations as a flag Administration in respect of the safety, security and protection of the environment from shipping, of United Kingdom ships, wherever they are operating in the world and

foreign flagged vessels in United Kingdom waters. She held responsibility for the safety of the United Kingdom domestic passenger ship and fishing fleet as well as the United Kingdom Navigational safety regime and Civil Hydrography Programme. She was also responsible for seafarer services and audit of MCA approved Nautical Colleges and training providers. She was responsible for the UK Ship Register; attracting owners of quality ships to the United Kingdom flag to secure its long-term commercial growth and success, and delivery of front-line services including vessel registration.

As Permanent Representative of the United Kingdom to the International Maritime Organization (IMO), she is responsible for the oversight and negotiation of United Kingdom policy and interests in relation to international maritime matters within the IMO and European Union.

Claire Hughes, the **Director of HM Coastguard**. Her key responsibilities were the delivery of the six internationally recognised Coastguard functions through the national network of Coastguard Operation Centres, the volunteer Coastguard Rescue Service, Aeronautical Rescue Coordination Centre and Search and Rescue Helicopter provision.

Matthew Briggs, the **Director of HR, Estates and Health & Safety** who was a member of the Board between the 1 April and 31 May 2021 and from 1 February 2022. His key responsibilities were Human Resources, Learning and Development, Estates Infrastructure and Health & Safety.

Damien Oliver, the **Commercial and Programmes Director**. His key responsibilities were the Senior Responsible Owner for the major aviation and coastguard radio network Infrastructure programmes, and overall management and leadership of the procurement function.

Matthew Reynolds, the **Director of Information Technology (IT)** who was in post until 9 March 2022 and who was a member of the Board between the 1 April and 31 May 2021. His key responsibilities were Information and Communications Technology, Information Assurance and delivery of the IT Transformation Programme.

Chloe Bowes, the **Director of Finance and Audit**. Her key responsibilities were Corporate Governance, Financial Controls, Fraud & Whistleblowing, Shared Services and Internal Audit & Assurance.

Richard Wilson, the **Head of the Office of the Chairman and Chief Executive**. His key responsibilities were Strategic Planning, Performance Management, Communications and UK Maritime Regulatory Compliance and Investigations. He was also the Senior Information Risk Owner (SIRO).

The **Non-Executive Directors** were **Sarah Parker**, who served until 30 November 2021, **Nigel Pusey** and **Noel Shanahan**, who also chaired the **Audit & Risk Assurance Committee (ARAC)**.

Representatives from the Department for Transport (DfT), who attended the board on behalf of the DfT Sponsorship Team for Maritime, were as follows: **Stephen Benzies** from April to September and November, **Laura Marquis** in October and **John Connell** in February 2022.

Statement of Accounting Officer's Responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed the Maritime & Coastguard Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer must comply with requirements of the Government Financial Reporting Manual and in particular to:

- **observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and suitable accounting policies, on a consistent basis;**
- **make judgements and estimates on a reasonable basis;**
- **state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Financial Statements, and**
- **prepare the Financial Statements on a going concern basis**

The Accounting Officer confirms as required that, as far as they are aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer also confirms that the Annual Report & Accounts as a whole is fair, balanced and understandable, and that they take personal responsibility for the Annual Report & Accounts and the judgements required for determining that it is fair, balanced and understandable.

The designation of Accounting Officer was transferred to the Maritime & Coastguard Agency Chief Executive from Department for Transport in 2010. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in Managing Public Money published by HM Treasury.

This Annual Report and Accounts is being signed, published and laid following Brian's departure and so is endorsed additionally by the Chief Executive and accounting officer at the point of publication, as reflected in signature blocks.

Governance Statement

Introduction

The Agency was established on 1 April 1998 and is an Executive Agency of the Department for Transport. We are accountable through the Department for Transport Maritime Directorate to Director General Aviation, Maritime and Security. I am responsible to the Secretary of State as detailed in the Agency's Framework Document.

All our work contributes to our vision of being the world's best maritime safety organisation, committed to Safer Lives, Safer Ships, and Cleaner Seas. To deliver this, I am supported by two principal management groups: the Maritime & Coastguard Agency Board and the Executive Team.

This Governance Statement details the arrangements in place for the financial year 1 April 2021 to 31 March 2022. Specifically, it focuses on internal controls, risk management and the wider risk environment. Progress with the Agency's major change programmes and other commitments in its 2021–22 Business Plan are captured elsewhere in the Annual Report & Accounts.

Agency Management

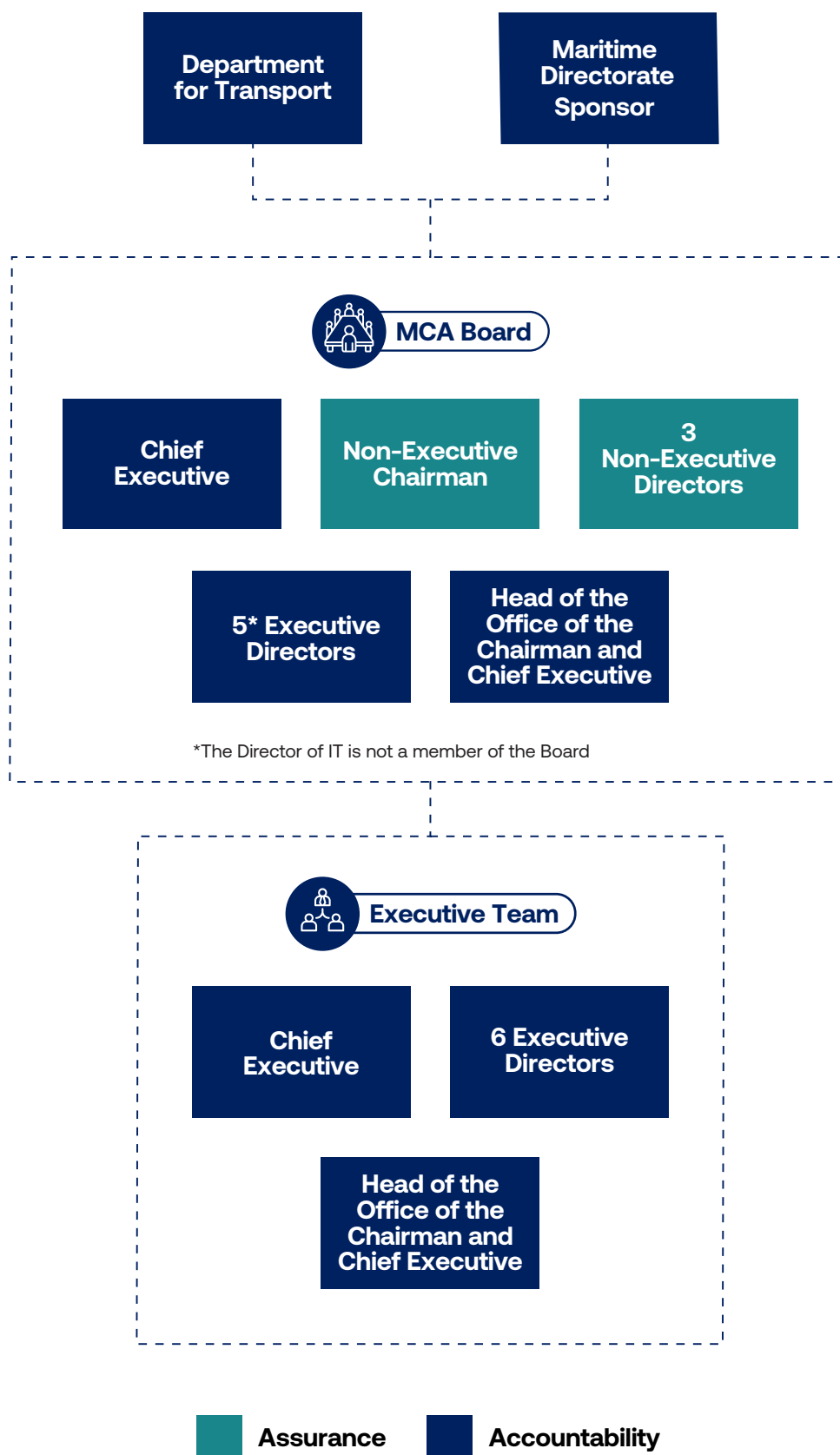
The Agency's governance framework is designed to comply with the guidance laid down in HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice 2017. An external Governance review of compliance against the Code was not conducted within this reporting period.

The Agency's accountability to the Secretary of State for Transport is exercised through a Sponsorship Board, which meets quarterly under the chairmanship of the Director General Aviation, Maritime and Security. A representative of the Scottish Government attends this Board to contribute on strategic issues of specific relevance to Scotland. Internally, the Agency is managed by its Board and an Executive Team. A register of private interests is maintained for members and a standing agenda item at meetings allows members to declare any private interests which may conflict, or may be perceived to conflict, with their public duties. The Agency Board is chaired by the Non-Executive Chairman

and has both strategic and business oversight responsibilities supported by the Executive Team who meet monthly to make decisions on strategic issues. Directors may also directly raise issues emanating from their own Management Boards which focus on the management of the Agency.

In terms of information assurance and data control, the Security Working Group is a quarterly Board and is chaired by the Senior Information Risk Owner. The Senior Information Risk Owner is responsible for assuring the maintenance of a culture of good information management and continuous review of the effectiveness of extant security policy. They are also charged with the application of security controls to mitigate risks to our core information technology assets, which include data, information, equipment, people, premises, third parties and technology.

The Agency's high-level management structure is set out as follows:



MCA Board attendance

Board Attendance	Title	Number of meetings attended
Christopher Rodrigues	Non-Executive Chairman	9/9
Brian Johnson	Chief Executive Officer	10/10
Katy Ware	Director of UK Maritime Services (renamed from Director of Maritime Safety & Standards and UK Ship Register)	10/10
Claire Hughes	Director of HM Coastguard	10/10
Damien Oliver	Commercial and Programmes Director	10/10
Richard Wilson	Head of the Office of the Chairman and Chief Executive	9/10
Chloe Bowes	Director of Finance & Audit	9/10
Noel Shanahan	Non-Executive Director (interim Chairman April 2021)	10/10
Nigel Pusey	Non-Executive Director	10/10
Sarah Parker	Non-Executive Director	8/8
Matthew Reynolds	Director of Information Technology	2/2
Matthew Briggs	Director of Human Resources and Health & Safety	3/3
Stephen Benzies	DfT Maritime Sponsorship	7/8
Laura Marquis	DfT Maritime Sponsorship	1/1
John Connell	DfT Maritime Sponsorship	1/2

Risk Management and Governance

I am responsible for the effective management of corporate risk in accordance with Treasury Guidance (the Orange Book), and the Department for Transport

Departmental Risk Policy and Guidance. Escalation processes are in place within our management structures (Executive Team and Directorate Management Boards) to identify, manage and mitigate risks appropriately. I am also supported and advised by the Audit & Risk Assurance Committee (ARAC).

Principal Risks in 2021–22

At the end of 2021–22, 11 risks were being actively managed on the corporate risk register including risks associated with small boat crossings of the English Channel, potential for loss of critical Coastguard systems and/or wider impact on MCA business due to cyber incidents and Grandfather Rights detailed in the Priority Concerns section below.

During the year, the risk relating to **Compliance with the International Maritime Organization Instruments Implementation (III) Code** was removed following the successful audit of the United Kingdom maritime administrations.

Other key risks were:

- **Not enough focus on safety behaviours resulting in potential for serious accidents to occur** – a plan is in place with an Interim Safety Manager and a newly appointed Behavioural Safety Lead appointed to lead implementation of an improvement plan and risk reduction.
- **The replacement Enterprise Resource Planning (ERP) system does not meet MCA needs or deliver anticipated business benefits** – The Future of Shared Services Programme (FOSS) will deliver a replacement ERP system for the DfT family. Slippage in the Programme has necessitated some replanning whilst the MCA was a successful early adopter of the Concur expenses element in December 2021. MCA subject matter experts are actively engaging with the Programme to represent the Agency's views and requirements in order to ensure the system meets business needs.
- **Beach safety responsibilities** – Progress has been made with partners and beach owners to identify and implement

mitigations; focus on this work continues. However, a risk remains in respect of fatal incident enquiries and coroners' inquests.

- **Lack of lawyer resources to implement legislative change** – the ability to bring about legislative change hinges on the availability of scarce lawyer resource. The Agency continues to work with the Department for Transport Legal Team to ensure that it is able to access necessary resource, but the risk remains current.
- **Existing ERP (Agresso Business World) financial system controls are inadequate** – system controls within Agresso Business World are limited, with particular weaknesses in delegation limit controls. MCA currently has manual controls in place to mitigate these risks. A review has been undertaken which will see further mitigations put in place from 1 April 2022. The FoSS Programme is expected to resolve this risk in the longer term.

Priority Concerns in 2021–22

As Accounting Officer, I consider the concerns listed below to be the Agency's higher priority concerns:

- **The safety of small boats crossing the English Channel to the UK and associated risks** – A significant risk to life is posed by unseaworthy or overloaded small boats being used to traverse the English Channel to the UK. We are committed to safeguarding life around the seas and coastal areas of the UK. HM Coastguard will rescue those in trouble and bring them safely to shore where they will be handed over to the relevant partner emergency services or authorities. In recognition of the complexity of the risk this risk is now managed in six parts to allow consideration of individual elements.

- **Loss of critical coastguard services through a cyber incident or infrastructure failure** – there is a risk that critical Coastguard services may be lost due to a cyber-attack or infrastructure failure. This could result in various levels of operational impact, some of which would be serious. Threats are continually monitored; a program of work ensures Coastguard and wider systems are maintained to mitigate risk and business continuity plans are exercised regularly to offer further assurance that the potential impacts are minimised.
- **Disruption of wider MCA activities through a cyber incident or infrastructure failure** – Originally included within the risk above and with similar variances in impact levels, this risk has been separated to allow each to be managed according to requirements. A programme of work including monitoring, exercising and improving continues to mitigate this risk.
- **Grandfather Rights for Passenger Ships** – New regulations will be implemented to ensure that older passenger ships operating on estuarial waters in the United Kingdom, particularly those on the tidal River Thames, meet modern standards that improve their survivability in some circumstances. Following a lengthy period of development and consultation these regulations have been submitted for ministerial approval and remain under consideration.

Audit and Risk Assurance Committee (ARAC)

I seek independent advice and assurance on the processes for risk management, governance, assurance and internal control, including reliability and integrity, through the Agency's ARAC. This committee meets quarterly with an additional supplementary accounts only meeting held prior to my signing of the accounts. The ARAC comprises of the Agency's Non-Executive Directors, one of whom is appointed as Chair. The Director of Finance & Audit, Assistant Director Financial Controls and I also attend.

During the year, the Committee has concentrated on the following:

- **External surveillance visit findings;**
- **Internal audit programmes and findings;**
- **The submission of the Agency's Management Assurance return to the Department for Transport, and**
- **Cyber Security.**

Attendance by Audit & Risk Assurance Committee members in 2021–22 was as follows:

Committee Member	Number of meetings attended
Noel Shanahan (Chair of ARAC)	5/5
Nigel Pusey	5/5
Sarah Parker	3/3

Fraud, Bribery and Whistleblowing

The Agency is committed to reducing the incidence of fraud. When identified, investigations are carried out and lessons extracted to strengthen the control environment and reduce the likelihood of recurrence. Fraud, bribery and whistleblowing are discussed monthly at the Executive Team meeting and at the ARAC quarterly.

The MCA adopted the Cabinet Office Fraud Functional Standards in 2018 and continues to meet the requirements of the twelve standards.

Internal and External Audit

Our Quality Management System (QMS) was externally certified by SGS Ltd to the International Organization for Standardization ISO9001:2015 standard. The requirements of the standard are applied to all business processes and activities. The Agency is also subject to international requirements, most notably the IMO Instruments Implementation Code which requires Port, Flag and Coastal states to have a QMS in place.

In 2021, the UK Maritime Administration (in which the Agency is the major player), was audited by a senior international team from the IMO as part of their Member State Audit programme. This rigorously checked the UK's obligations as a Flag, Coastal and Port state. The audit was a great success with the UK having only two findings, both of which were relatively minor. This is considerably fewer than the number of Findings that IMO have found to date in their audits of other Member States and endorsed IMO's hopes for the UK setting the performance standard for world leading Member States. The IMO also recognised several areas of best practice and acknowledged the significant progress made across the collective British Shipping Registers (the Red Ensign Group); they recommended this work continues.

The Agency's annual Internal Quality Audit Programme supports its continuing certification to ISO 9001:2015. Despite the continuation of restrictions due to the coronavirus pandemic, the 2021–22 audit plan was effectively delivered throughout the year. Four audits were deferred to 2022–23 due to changes in circumstances and priorities. Despite the upheaval of the coronavirus pandemic, only two audits were conducted remotely with eight conducted face to face. Fourteen audits were undertaken during the year with the team returning to face-to-face auditing with the lifting of coronavirus pandemic restrictions. These audits resulted in 3 overall opinions of limited, 10 moderate and 3 substantial. This compared to 4 'limited', 8 'moderate' and 4 'substantial' for the 2020–21 audit programme.

The MCA's ISO9001:2015 certification body, SGS Ltd, conducted a three yearly recertification audit of the Agency in May 2021. The audit was successful with SGS commenting '*Overall, the company showed a robust and satisfactory Quality Management System*'. The Agency's ISO certificate was renewed until 31st July 2024.

A tender exercise for the ISO 9001:2015 contract was conducted in winter 2021–22 and on 3rd February 2022, the contract was awarded to a new certification body, Lloyd's Register Quality Assurance Limited (LRQA). The handover from SGS Ltd to LRQA in February 2022 was successful and a new ISO9001:2015 was issued in March under LRQA's name. LRQA's initial surveillance audit is expected to be conducted in September/October 2022.

The Government Internal Audit Agency (GIAA) operate to standards defined in the Government's Public Sector Internal Audit Standards. Its annual programme of work is based on the analysis of risks to which the Agency is exposed and by key risks identified by the Audit & Risk Assurance Committee and Executive Team. Twelve assurance audits were conducted during 2021–22; one received an overall 'limited' opinion, six a 'moderate' opinion, five a 'substantial' opinion.

The GIAA Group Chief Internal Auditor Opinion provided an overall 'moderate' assurance rating on the adequacy and effectiveness of the Agency's arrangements for corporate governance, risk management and internal control. This is the same rating as for 2020–2021 opinion. Whilst our work noted further progress on the MCA transformation agenda, our rating reflects the need for further control enhancements on key processes.

The MCA Board, Executive Team and local Management Boards monitor progress on management actions agreed for internal and external audits at their monthly meetings. Progress is also monitored by the ARAC at quarterly meetings.

External Partners

The Agency's key relationships include those with our safety partners (Royal National Lifeboat Institution, Royal Yachting Association and other rescue and governing organisations), the maritime industries, other government departments (Ministry of Defence, Department for Business Energy and Industrial Strategy, Department for the Environment Food and Rural Affairs, Department for International Trade, Foreign, Commonwealth and Development Office, Home Office, HM Treasury, Cabinet Office and Transport Scotland), and our parent department, the Department for Transport.

Health and Safety

Working closely with internal and external stakeholders including the Department for Transport (DfT), the Agency continues to refine its Health and Safety policies, plans and arrangements to deliver an improvement in safety culture across the Agency. The National Health and Safety Committee has been restructured and split into a Health and Safety Strategy Group and a Health and Safety Working Group covering both the strategic and tactical elements of the Agency's

safety management system respectively. The working groups meet monthly and comprise representatives from the Directorates, volunteer Coastguard Rescue Service and trade unions.

A monthly Health & Safety report is tabled and discussed at the HM Coastguard's Senior Officers Group, Survey and Inspection National Management Group, Directorate Management Boards, Executive Team and Agency Board meetings. In addition, Health & Safety is an item at all team management meetings. During the coronavirus pandemic operational and tactical meetings were initially held twice a week with significant actions tracked and discussed at senior level creating robust governance of the coronavirus pandemic response. The frequency of the meetings was subsequently reduced based on the reduction of risk and government controls.

The performance of the Agency's safety management system is measured via internal audits, the analysis of accidents and near misses, and of sickness absences. Significant changes in performance were reported to the Executive Team, MCA Board and at Directorate Management Boards, with actions arising actioned in a timely manner dependant on the associated risk.

The Health & Safety team regularly attend the Department for Transport and its Safety Forum, working with departmental colleagues to lead on new and common Health & Safety initiatives, including the development of a central Department for Transport strategy and approach to behavioural safety.

In 2021–22 a three-year strategic improvement plan, linked to the MCA cultural change programme, was agreed by the Executive Team. Other achievements included:

- **Basic Health and Safety training including links to the MCA Way and behavioural safety was delivered to new joiners,**

- **Behavioural Science for Leading Safety course was designed and delivered to the Executive Team and members of the senior leadership community;**
- **The MCA Way and behavioural safety content was designed and delivered in the Ignite and Flare programmes;**
- **General Health and Safety training was delivered to HM Coastguard and Surveyor foundation courses;**
- **Improved Health & Safety monthly reports were implemented;**
- **Training on awareness of Health & Safety accountability and responsibility for senior management was provided;**
- **The Health & Safety portal was refreshed to improve the user journey and content;**
- **A service provider for a Health & Safety incident reporting system has been identified along with streamlining of Health & Safety Documentation, and**
- **A Safety Climate Survey to benchmark the safety climate across the MCA was completed and results reported to the Executive Team.**

There were twelve injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), for staff and volunteers. All RIDDOR injuries were investigated by local and headquarters management and any lessons identified integrated into the Agency's safe operating procedures. Serious injuries or those with high potential for such have been subject to detailed investigation, reporting and actioning. All other accident and near miss summaries are discussed at headquarters and local management meetings.

Information Assurance and Data Handling

As mandated by the Cabinet Office the Agency has appointed Information Asset Owners to manage and protect business-critical operational and information assets. Information Asset Owners continue to have a responsibility on behalf of the Accounting Officer to understand what information is held and how it is used, and for reviewing risks to the confidentiality, integrity and availability of their information assets, including those in their delivery chain. At each financial year end Information Assurance assess Agency practices against the Government Security Policy Framework and its expected security outcomes against the Minimum Cyber Security standards. The MCA have also engaged with the Government Security Group centre of excellence programme to undertake Personnel (Insider Risk) and Physical (Site security assessments) assurance activity during the year.

Information Assurance manage all areas of information legislation on behalf of the Senior Information Risk Owner and support the Data Protection Manager in the delivery of mandated data protection requirements that are underpinned by the General Data Protection Regulation, the Data Protection Act 2018 and compliance with the Freedom of Information Act. Main areas of security strategy incorporate:

- **Development, maintenance and compliance checking of security policies and procedures in alignment with ISO27001:2013 standard;**
- **Assurance of obligations under the Centre for the Protection of National Infrastructure 'Emergency Services' sector, ensuring the confidentiality, integrity and operational availability of Critical National Infrastructure related infrastructure;**

- **Scoping and conducting Security Health Checks by external providers as approved by the Government Security Group or National Cyber Security Centre. To provide assurance that our people, estate, systems and networks are protected from unauthorised access or change, taking a risk-based approach to determine and remediate significant weaknesses in our infrastructure, data or resources;**
- **Programme change, including the decommissioning of legacy hardware and providing assurance that new services apply the right level of technical security to preserve the confidentiality, integrity and availability of the system, and data;**
- **Privacy Impact Assessments are carried out in all instances where personal data is affected by proposed data processing;**
- **Ensuring suppliers maintain and align development to commercial security best practice and United Kingdom Government guidelines;**
- **The holistic management of people from onboarding activities, i.e. assuring the application of National Security Vetting where necessary for staff and contractors in trusted positions and subsequent annual aftercare where applicable, to reinforcing security responsibilities through consistent awareness and education, through proactive strategy and/or as a reaction to actual and or perceived threats;**
- **Monitoring for common cyber vulnerabilities through engagement with service partners and Service Operations to detect, manage and remediate vulnerabilities that could affect Agency infrastructure and data, and**

- **Ensuring safe data sharing and that partnering initiatives are understood and supported by appropriate Data Protection Impact Assessments and documented Memorandums of Understanding.**

The Agency has a duty to investigate incidents involving potential breaches of personal data and where appropriate to report these to the Information Commissioner's Office (ICO). There were 19 incidents investigated during the year, none matched the criteria for reporting to the ICO.

Management Assurance

The information reported in the Management Assurance exercise was scrutinised by the Agency Board and Audit and Risk Assurance Committee which agreed the overall assessment of 'substantial' against the controls assessed.

The Agency's system of internal controls is monitored in accordance with Department for Transport guidance and is regularly reviewed by the Executive Team, Agency Board and the Audit & Risk Assurance Committee.

The Non-Executive Directors have been involved in Agency Board meetings throughout 2021–22, and based on this exposure to the Agency, and having received management and other assurances, the Audit & Risk Assurance Committee approved the content of this Governance Statement and endorse the Head of Internal Audit opinion.



12 October 2022

Brian Johnson
Chief Executive



10 January 2023

Damien Oliver
Chief Executive

Remuneration and Staff Report



Remuneration and Staff Report

Remuneration policy

The remuneration of Senior Civil Servants (SCS) is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

The review body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the review body can be found on www.gov.uk under Office of Manpower Economics.

Executive Directors of the MCA who are Senior Civil Servants may be on fixed term contracts, including the MCA Chief Executive. The contracts may provide for the individual to receive standard SCS remuneration arrangements or individual pay arrangements

linked to delivery against predetermined objectives.

Executive Team Members of the MCA who were not Senior Civil Servants received pay awards and performance related pay awards linked to the annual performance appraisal process, in common with other employees of the Agency.

Fees for the Non-Executive Chairman and Non-Executive Directors are negotiated under the terms of their appointment, as approved by the Department for Transport and the MCA Chief Executive respectively.

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are or were open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration and pension entitlements of senior management (audited)

The following sections provide details of the remuneration and pension interests of the most senior management (i.e. Board members or regular attendees) of the Agency:

Single total figure of remuneration

Executive board members	2021–22					2020–21				
	Salary (£000)	Bonus payment (£000)	Benefits in kind (to nearest £100)	Pension benefits ⁸ (£)	Total benefits (£000)	Salary (£000)	Bonus payments (£000)	Benefits in kind (to nearest £100)	Pension benefits (£)	Total benefits (£000)
Brian Johnson⁹ Chief Executive	130–135	5–10	1,600	52,000	195–200	135–140	–	–	52,000	185–190
Katy Ware Director	85–90	20–25	2,000	18,000	130–135	85–90	20–25	–	39,000	150–155
Matthew Reynolds¹⁰ Director	110–115	–	–	43,000	155–160	120–125	–	–	46,000	165–170
(Full year equivalent)	120–125	–	–	–	–	–	–	–	–	–
Claire Hughes Director	85–90	5–10	–	23,000	115–120	85–90	0–5	–	102,000	190–195
Damien Oliver Director	70–75	5–10	–	19,000	95–100	70–75	0–5	–	33,000	110–115
Chloe Bowes Director	95–100	–	–	38,000	130–135	20–25	–	–	9,000	30–35
(Full year equivalent)	–	–	–	–	–	95–100	–	–	–	–
Matthew Briggs¹¹ Director	20–25	0–5	–	14,000	35–40	65–70	0–5	–	41,000	105–110
(Full year equivalent)	70–75	0–5	–	43,000	115–120	–	–	–	–	–
Steve Mulcahy¹² Interim Director	15–20	0–5	–	4,000	20–25	–	–	–	–	–
(Full year equivalent)	80–85	–	–	–	–	–	–	–	–	–
Richard Wilson OCCE	65–70	–	–	9,000	75–80	65–70	0–5	–	4,000	70–75

⁸ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

⁹ Salary figure for 2020–21 for Brian Johnson included compensation for untaken annual leave.

¹⁰ Matthew Reynolds was a member of the Board from 01 April 2021 to 31 May 2021, and an executive member from 01 June 2021 to 09 March 2022.

¹¹ Matthew Briggs was a member of the Board from 01 April 2021 to 31 May 2021 and returned from 01 February 2022 onwards.

¹² Steve Mulcahy was an executive member from 18 January 2022 and replaced Matthew Reynolds from 10 March 2022.

Single total figure of remuneration (continued)

Executive board members	2021–22					2020–21				
	Salary (£000)	Bonus payment (£000)	Benefits in kind (to nearest £100)	Pension benefits ⁷ (£)	Total benefits (£000)	Salary (£000)	Bonus payments (£000)	Benefits in kind (to nearest £100)	Pension benefits (£)	Total benefits (£000)
Christopher Rodrigues¹³ Non-Executive Chairman	25–30	–	–	N/A	25–30	–	–	–	N/A	–
(Full year equivalent)	25–30	–	–	N/A	–	–	–	–	N/A	–
Noel Shanahan Non-Executive Director	15–20	–	–	N/A	15–20	15–20	–	–	N/A	15–20
Sarah Parker¹⁴ Non-Executive Director	5–10	–	–	N/A	5–10	5–10	–	–	N/A	5–10
(Full year equivalent)	10–15	–	–	N/A	–	–	–	–	–	–
Nigel Pusey Non-Executive Director	15–20	–	1,300	N/A	15–20	10–15	–	–	N/A	10–15
(Full year equivalent)	–	–	–	–	–	15–20	–	–	N/A	–

Salary

‘Salary’ includes gross salary and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Agency and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Agency and treated by HM Revenue and Customs as a taxable emolument. The amounts disclosed represent only the value of travel to assessed second workplaces.

Bonuses

Year-end bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to performance in the year prior to that in which they become payable to the individual. The bonuses reported in 2021–22 relate to performance in 2020–21 and the comparative bonuses reported for 2020–21 relate to performance in 2019–20. The top 25% of Senior Civil Servant performers across DfT are eligible for a year-end bonus.

In-Year Reward schemes are also available via a Corporate

Recognition Scheme and in-year contribution for up to 20% of staff.

‘Pivotal Role’ payments may be available to Senior Civil Servants (SCS) and are linked to a role not an individual. The scheme is controlled by the Cabinet Office and designed to recruit and retain SCS staff in the most critical Civil Service roles, or for key responsibility during fixed-length pivotal periods or projects. Payments are non-consolidated and non-pensionable and may be paid either in full upon delivery or in instalments linked to achievement of key milestones.

¹³ Christopher Rodrigues joined the Agency as Non-Executive Chairman on 12 April 2021.

¹⁴ Sarah Parker left the Agency on 30 November 2021.

Pension Benefits

The pension details of members of the MCA Board, in their capacity as Directors/Executive Team of the MCA, were as set out below. None of the non-executive directors had a pension in their capacity as non-executive director of the MCA. No member of the Executive Board had a Partnership Pension.

	Accrued pension at pension age as at 31/3/22 and related lump sum	Real increase in pension and related lump sum at pension age	Cash Equivalent Transfer Values (CETV)		Real increase in CETV
			At 31/3/22	At 31/3/21	
	£000	£000	£000	£000	£000
Brian Johnson Chief Executive	10–15	2.5–5	161	112	36
Katy Ware Director	35–40	0–2.5	510	477	4
Claire Hughes Director	25–30 plus lump sum 45–50	0–2.5	416	385	7
Damien Oliver Director	25–30	0–2.5	296	275	4
Chloe Bowes Director	10–15	0–2.5	131	107	13
Matthew Reynolds Director	5–10	0–2.5	71	41	21
Richard Wilson Head of the Office of the Chairman & Chief Executive	30–35 plus lump sum 85–90	0–2.5	740	696	1
Matthew Briggs Director	30–35	0–2.5	561	559	-1
Steve Mulcahy Interim Director	0–5	0–2.5	24	21	2

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the

member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on

a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were

within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to **alpha** have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his/her pensionable earnings during his/

her period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, **premium** and classic plus, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages).

Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/pensions

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from

another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Fair Pay Disclosure and Pay Multiples (audited)

Reporting bodies are required to disclose top of median, lower quartile and upper quartile staff pay multiples (ratios) as part of the Remuneration report.

The banded remuneration of the highest paid executive board member in the Agency, in the financial year 2021–22, was £140,000–145,000 (2020–21 £135,000–140,000). This was 4.11 times (2020–21, 4.12) the median remuneration of the workforce, which was £34,688 (2020–21 £33,345). An increase in median remuneration in 2021–22 is due to the growth in workforce at higher grades, to enable delivery of key objectives in specialist areas. This has resulted in a decrease in ratio from 4.12 to 4.11.

In 2021–22, no employee (2020–21: no employee) received remuneration in excess of the highest-paid director. Remuneration ranged from £18,312 to £143,358 (2020–21: £18,062 to £136,182). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The highest-paid director in the Agency saw a 0% change in salary and allowances in financial year 2021–22 (2020–21: 0%). No performance or bonus was paid to the highest-paid director in 2020–21, so no percentage change can be calculated (2020–21: 0%).

Financial year 2021–22 for all employees (excluding the highest-paid director) saw a slight increase in average salary and allowances by 0.08%, with performance and bonus pay increasing by 11.54% in comparison to the previous year. The Pay Pause and increase in workforce in specialist areas

accounts for the increase in average salary and allowances. The Agency encouraged the use of the bonus pay scheme, resulting in the increase.

Pay ratios for the mid-point of the banded remuneration (excluding pension benefits) of the highest paid director to the Median, 25th and 75th Percentiles for the current and previous financial year have been set out below:

	2021–22			2020–21		
	25th Percentile Pay Ratio & Value	Median Pay Ratio & Value	75th Percentile Pay Ratio & Value	25th Percentile Pay Ratio & Value	Median Pay Ratio & Value	75th Percentile Pay Ratio & Value
	(£)	(£)	(£)	(£)	(£)	(£)
Total Pay and Benefits Ratio	5.26:1	4.11:1	3.26:1	5.12:1	4.12:1	3.15:1
Total Pay and Benefits Value	(142,500/27,091):1	(142,500/34,688):1	(142,500/43,757):1	(137,500/26,841):1	(137,500/33,345):1	(137,500/43,640):1
Salary Ratio	5.07:1	4.31:1	3.27:1	5.07:1	4.27:1	3.27:1
Salary Value	(132,500/26,126):1	(132,500/30,734):1	(132,500/40,482):1	(132,500/26,126):1	(132,500/31,041):1	(132,500/40,482):1

Financial year 2021–22 saw an increase in Median Pay for Total Pay and Benefits, and a reduction in Salary. The reduction in the Median Pay Ratio for Salary is attributable to the temporary pause on pay rises on salaries above £24,000 per annum (excluding overtime and allowances), and the increase in workforce size. The Agency continued to encourage the use of the In Year Reward scheme, which alongside business transformational activities accounts for the increase in the Median Pay Ratio for Total Pay and Benefits.

The reduction in pay ratio is attributable to the organisations increase in workforce size in specialist higher graded areas. This reduction is consistent with the pay, reward and progression policies, changes to organisational responsibilities and the need to bring in specialist skills and knowledge for projects and programmes accounts for the reduction in median pay ratio. While continuing to encourage the use of the In Year Reward scheme.

Pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes but the MCA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016.

You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2021–22, employer contributions of £11,049,349 were payable to the PCSPS (2020–21: £10,366,363) at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands (2020–21: 26.6% to 30.3%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The MCA is not aware at this time whether rates may or may not vary in the next accounting period. The contribution rates are set to meet the cost of the benefits accruing during 2021–22 to be paid when

the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £113,653 (2020–21: £117,076) were paid to one appointed stakeholder pension provider. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also

match employee contributions up to 3% of pensionable pay. No employer contributions were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees (2020–21: None).

Contributions due to the partnership pension providers at the balance sheet date were £14,391 (2020–21: £14,516). Contributions prepaid at that date were £Nil.

Staff costs (audited)

The costs of staff employed by the MCA were as follows:

	Permanently employed staff	Other employed staff	Agency/Temporary staff	2021–22	2020–21
	£000	£000	£000	£000	£000
Wages and salaries	43,525	2,375	2,632	48,532	47,267
Social security costs	4,575	249	-	4,824	4,523
Other pension costs	10,561	576	-	11,137	10,499
Total net costs	58,661	3,200	2,632	64,493	62,289
Staff costs expensed	-	-	-	64,341	62,119
Staff costs capitalised	-	-	-	152	170

Staff numbers (audited)

Average number of full-time equivalent persons employed during the years ending March 22 were:

	Permanently employed staff	Others	31 March 2022	31 March 2021
Direct service delivery and support	900	46	946	911
Corporate support	220	15	235	211
Board members	8	-	8	8
Directly employed	1,128	61	1,189	1,130
Others – temporary	-	14	14	25
Total	1,128	75	1,203	1,155

There was 1 early retirement in the year caused by ill health (2020–21: None). The Agency's Coastguard Rescue Service has approximately 3,500 volunteers.

Staff composition

Male and female employees by number for the year ending 31 March 2022 were:

	Male	Female	2021–22
Senior Civil Service – Band 2	1	–	1
Senior Civil Service – Band 1	2	4	6
Other Board Members	2	–	2
Board members and Senior Civil Service	5	4	9
All other employees	750	444	1,194
Total	755	448	1,203

Sickness absence data

	2021–22	2020–21
Working days taken as sickness absence	7,356	5,631
Average number of days lost per employee per year	6.19	4.98

Staff turnover

The overall employee turnover rate for the year ending 31 March 2022 was 15.97%.

Staff engagement

Each year we ask our staff to take part in the annual Civil Service People Survey. The results from this survey allow us to benchmark against other similar Civil Service organisations as well as the Department for Transport. They also help us to improve by highlighting areas where we are performing well as well as those where we may need to focus our energy.

Our 2021 Civil Service People Survey results saw a marginal drop in our engagement index (2%) to 66% which compares favourably to other Executive Agencies within the Department for Transport. We saw a marginal increase (1%) in reported experience of bullying and harassment. We continue to support our staff and their wellbeing through a commitment to a set of behavioural expectations supported by staff networks including:

- **Women's Network;**
- **Multifaith Chaplaincy;**
- **Carers Network;**
- **LGBTQ+ Network;**
- **Mental Wellbeing Support Network, and**
- **Positive Support Network**

Staff policies for disabled persons applied during the financial year

As an Equal Opportunities employer, the Maritime and Coastguard Agency actively encourages applications from people with disabilities. Where such individual candidates can demonstrate that they meet the essential requirements of the role the MCA will guarantee them an interview under the Guaranteed Interview Scheme.

The continued employment of, and appropriate training for, agency employees who may become disabled is promoted by applying the MCA's policy of making reasonable adjustments throughout any individual's employment to enable them to work, develop and progress.

The Trade Union (Facility Time Publication Requirements) Regulations 2017

Disclosures required under the Trade Union (Facility Time Publication Requirements) Regulations 2017 which came into force on 1 April 2017 are shown in the table below:

Relevant Union Officials		2020–21
Number of employees who were relevant union officials during the relevant period		19
Full-time equivalent employee number		1,189
Percentage of time spent on facility time		
1–50%		19
Percentage of pay bill spent on facility time		
Total cost of facility time		£6,843
Total pay bill		£62,711,164.80
Percentage of the total pay bill spent on facility time		0.01%
Paid trade union activities		
Time spent on paid trade union activities as a percentage of total paid facility time hours (no paid activities in year)		0%

Expenditure on consultancy

Agency expenditure on consultancy in 2021–22 was £1,669,444 (2020–21: £3,087,049).

Exit packages (audited)

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2021–22	2020–21	2021–22	2020–21	2021–22	2020–21
<£10,000	–	–	5	6	5	6
£10,000 – £25,000	–	–	6	1	6	1
£25,000 – £50,000	–	–	3	1	3	1
£50,000 – £100,000	–	–	–	4	–	4
£100,000 – £150,000	–	–	–	1	–	1
Total number of exit packages	–	–	14	13	14	13
Total resource cost (£)	–	–	229,734	426,838	229,734	426,838

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure.

Where the Agency has agreed early retirements, the additional costs are met by the Agency and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Off-payroll engagements

Temporary off-payroll worker engagements costing the Agency more than £245 per day at period end:

	2021-22
Total number of existing engagements as of 31 March 2022:	21
Number of engagements which at time of reporting have existed for:	
Less than one year	11
Between one and two years	6
Between two and three years	4
Between three and four years	–
Four or more years	–

All existing off-payroll engagements, as reported above, have been subject to a risk-based assessment as to whether assurance is required that the individual pays the right amount of tax and, where necessary, that assurance has been sought.

The number of off-payroll engagements for which the agency has made IR35 assessments under off-payroll legislation as required by Chapter 10 Income Tax (Earnings and Pensions) Act 2003 are reported in the table hereunder:

	2021-22
Number of off-payroll workers engaged at any point during the year ended 31 March 2022:	31
Number of engagements to which the off-payroll legislation does not apply	–
Number of engagements to which the off-payroll legislation does apply:	
Number of which were determined as being in scope of IR35	14
Number of which were determined as being out of scope of IR35	17
Number of off-payroll worker engagements which:	
Were reassessed for compliance or assurance purposes during the year	4
Saw a change to IR35 status following review	1

During the financial year, there were no off-payroll engagements of board members and/or senior officials with significant financial responsibility. A robust recruitment process is in place to challenge business on the use of off-payroll engagements. Hiring managers critically consider alternative resourcing options including looking at in-house capability before off-payroll engagements are approved. Four engagements were reassessed for consistency and compliance purposes, resulting in one change to the initial determination status.

Diversity and Inclusion

The Agency has introduced the MCA Way as a foundation for setting good behaviours to create a safe and inclusive culture. The MCA Way was designed with seven pillars that reflect the culture the Agency is collectively building: Safe, Inclusive, Innovative, Just & Fair, Sustainable, Ethical and Diverse. Recruiting a socio-demographic workforce is a barrier for the Agency in remote coastal locations. To remove this barrier, we are using data and analytics to better understand the socio-demographic constraints in those locations,

to best inform action plans. The Agency has continued to create an open culture with individuals willing to share their protected characteristics, with the financial year 2021–22 seeing an increase in LGBTQ+ representation by 24%, taking the Agency representation to 4%.

With due regard to the public sector equality duty, recruitment champions appointed to represent the Agency as independents on assessment boards have all received in-depth awareness workshops on ensuring equality of opportunity for all applicants. The Agency has introduced a Positive Support Network for individuals of diverse ethnic and cultural backgrounds and allies; aiming to make the Agency an uplifting and supportive place to work for all employees. Networks across the Agency are working collaboratively to share knowledge and experiences across all protected characteristics. The Speak Up initiative was developed to give individuals an opportunity to challenge poor behaviour of all forms (i.e., discrimination, harassment, victimisation) safely and confidentially, supported by Human Resources throughout.

Parliamentary accountability disclosures



Parliamentary Accountability Disclosures (Audited)

Regularity of expenditure

Losses and special payments

Losses incurred in 2021–22 were £857,193, of which £786,901 was in relation to the write off of the digital system for seafarer records (2020–21 No excess). The Agency made no special payments exceeding £300,000 in 2021–22 (2020–21: One).

Fees and Charges

The Agency is required to disclose performance results for the areas of its activities where fees and charges income is received for the provision of statutory services. The analysis is not intended to meet the requirements of IFRS 8 (Operating Segments).

	2021–22			2020–21		
	Income	Expense	Net	Income	Expense	Net
	£000	£000	£000	£000	£000	£000
Statutory services						
Marine surveys	4,414	4,352	62	2,590	2,382	208
Registration of ships	998	996	2	1,246	1,323	(77)
Seafarers' examinations and certification	2,492	3,054	(562)	1,658	2,334	(676)
Other statutory services	66	99	(33)	118	155	(37)
Total	7,970	8,501	(531)	5,612	6,194	(582)

Income disclosed above has also been disaggregated for IFRS 15 in Note 3.

The financial objective of each service is full recovery of service costs in accordance with HM Treasury's 'Managing Public Money'. The above table shows direct income and expenditure and excludes the allocation of overheads to activity.



12 October 2022

Brian Johnson
Chief Executive



10 January 2023

Damien Oliver
Chief Executive

Comptroller and Auditor General's report and certificate



The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Maritime and Coastguard Agency for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the Maritime and Coastguard Agency's:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Maritime and Coastguard Agency's affairs as at 31 March 2022 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Maritime and Coastguard Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Maritime and Coastguard Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Maritime and Coastguard Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Chief Executive, as Accounting Officer, with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Maritime and Coastguard Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where they anticipate that the services they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider

whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000:

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Maritime and Coastguard Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Maritime and Coastguard Agency, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive (as Accounting Officer) is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;

- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Maritime and Coastguard Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Maritime and Coastguard Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-

compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Maritime and Coastguard Agency's accounting policies, key performance indicators and performance incentives;
- inquired of management, the Government Internal Audit Agency and those charged with governance, including obtaining and reviewing supporting documentation relating to the Maritime and Coastguard Agency's policies and procedures relating to
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance,
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud, and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Maritime and Coastguard Agency's controls relating to compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.
- discussing among the engagement team and involving relevant internal specialists, including property experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Maritime and Coastguard Agency for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Maritime and Coastguard Agency's framework of authority as well as other legal and regulatory frameworks in which the Maritime and Coastguard Agency operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Maritime and Coastguard Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, employment law and tax law.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- inquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Date

Comptroller and Auditor General

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial Statements



Statement of Comprehensive Net Expenditure

For the year ended 31 March 2022

		2021–22	2020–21
	Note	£000	£000
Revenue from contracts with customers	[3]	(13,747)	(9,794)
Marine surveys	[3]	(2,561)	(3,860)
Total income		(16,308)	(13,654)
Staff costs	[2]	64,341	62,119
Purchase of goods and services	[2]	257,463	260,688
Depreciation and impairment charges	[2]	59,290	57,650
Other operating expenditure	[2]	(314)	(33)
Net provision expense	[2]	1,473	126
Total operating expenditure		382,253	380,550
Net operating expenditure for the year		365,945	366,896
Finance expense	[13]	4,117	5,089
Net expenditure for the year		370,062	371,985
Other comprehensive net expenditure			
Items which will not be reclassified to net operating expenditure:			
Net (gain)/loss on:			
Revaluation of property, plant and equipment		(1,784)	2,446
Revaluation of intangible assets		(568)	(521)
Revaluation of right of use assets		(275)	-
Revaluation of inventories		(1,324)	(199)
Total net revaluation (gains) and losses		(3,951)	1,726
Comprehensive net expenditure for the year		366,111	373,711


The notes on pages 94 to 116 form part of these accounts

Statement of Financial Position

As at 31 March 2022

		31 March 2022		31 March 2021	
	Note	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	[5]	103,231		84,029	
Right of use assets	[6]	167,520		217,374	
Intangible assets	[7]	17,509		18,892	
Inventories	[8]	6,330		5,006	
Trade and other receivables	[10]	71		56	
Total non-current assets		294,661		325,357	
Current assets					
Assets classified as held for sale	[9]	-		-	
Trade and other receivables	[10]	10,901		9,978	
Cash	[11]	4,826		1,831	
Total current assets		15,727		11,809	
Total assets		310,388		337,166	
Current liabilities					
Trade and other payables	[12]	(63,426)		(52,153)	
Lease liabilities	[13]	(48,153)		(49,471)	
Provisions	[14]	(999)		(813)	
Total current liabilities		(112,578)		(102,437)	
Total assets less current liabilities		197,810		234,729	
Non-current liabilities					
Lease liabilities	[13]	(126,242)		(174,449)	
Provisions	[14]	(3,245)		(1,936)	
Total non-current liabilities		(129,487)		(176,385)	
Total assets less total liabilities		68,323		58,344	
Taxpayers' equity and reserves					
General fund		53,305		46,624	
Revaluation reserve		15,018		11,720	
Total equity and reserves				58,344	

The notes on pages 94 to 116 form part of these accounts.

 12 October 2022

Brian Johnson, Chief Executive

 10 January 2023

Damien Oliver, Chief Executive

Statement of Cash Flows

For the year ended 31 March 2022

		2021-22	2020-21
	Note	£000	£000
Cash flows from operating activities			
Net operating expenditure for the year		(365,945)	(366,896)
Adjustments for non-cash transactions		60,320	57,743
(Increase)/decrease in inventories	[8]	(1,324)	(188)
less movements in inventories relating to items not passing through the Statement of Comprehensive Net Expenditure		1,324	199
(Increase)/decrease in trade & other receivables	[10]	(938)	(1,310)
less movements in trade and other receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		95	151
Increase/(decrease) in trade and other liabilities	[12]	11,273	11,598
less movements in trade and other liabilities relating to items not passing through the Statement of Comprehensive Net Expenditure		(14,818)	(3,442)
Interest paid on lease liabilities	[13]	(4,117)	(3,292)
Use of provisions	[14]	(73)	(68)
Net cash outflow from operating activities		(314,203)	(305,505)
Cash flows from investing activities			
Purchase of property, plant and equipment		(26,300)	(18,865)
less movements in capital accruals		15,304	4,819
Purchase of intangible assets		(1,790)	(2,552)
(add)/less movements in capital accruals		(484)	1,555
Proceeds of disposals of property, plant and equipment		550	1,003
Net cash outflow from investing activities		(12,720)	(14,040)
Cash flows from financing activities			
Current year consolidated fund (supply)		376,000	372,000
Repayment of lease liability principals	[13]	(46,082)	(46,467)
Net financing		329,918	325,533
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		2,995	5,988
Payments of amounts due to the consolidated fund		-	(2,904)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		2,995	3,084
Cash and cash equivalents at the beginning of the period	[11]	1,831	(1,253)
Cash and cash equivalents at the end of the period	[11]	4,826	1,831

The notes on pages 94 to 116 form part of these accounts

Statement of Changes in Taxpayers' Equity

As at 31 March 2022

		General Reserve	Revaluation Reserve	Total Reserves
	Note	£000	£000	£000
Balance at 1 April 2020		45,764	14,206	59,970
Net Parliamentary Funding		372,000	-	372,000
Non-cash charges: auditor's remuneration	[2]	85	-	85
Net expenditure for the year		(371,985)	-	(371,985)
Revaluation gains and (losses)		-	(1,726)	(1,726)
Transfers between reserves		760	(760)	-
Changes in taxpayers' equity for 2020-21		860	(2,486)	(1,626)
Balance at 31 March 2021		46,624	11,720	58,344
Net Parliamentary Funding		376,000	-	376,000
Non-cash charges: auditor's remuneration	[2]	90	-	90
Net expenditure for the year		(370,062)	-	(370,062)
Revaluation gains and (losses)		-	3,951	3,951
Transfers between reserves		653	(653)	-
Changes in taxpayers' equity for 2021-2122		6,681	3,298	9,979
Balance at 31 March 2022		53,305	15,018	68,323

The notes on pages 94 to 116 form part of these accounts

Notes to the Agency's accounts



Notes to the Agency's Accounts

1. Statement of significant accounting policies

1.01 Basis of preparation

The financial statements have been prepared in accordance with the 2021–22 Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Maritime and Coastguard Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the MCA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The statements cover the period 1 April 2021 to 31 March 2022 and have been prepared in accordance with a direction given by HM Treasury in pursuance of Section 7(2) of the Government Resources and Accounts Act 2000.

1.02 Accounting convention

The accounts are prepared under the historical cost convention, modified to account for the revaluation of non-current assets, where material, at their value to the business by reference as applicable to their current costs, replacement costs or indices.

1.03 Adoption of new and revised standards

The Department for Transport adopted IFRS 16 Leases, as adapted and interpreted by the FReM, from 1 April 2019, as it met the criteria set out in the FReM for early adoption on that date. The Agency, which is an executive agency of the Department, adopted IFRS 16 from the same date. The FReM 2021–22 states that the standard will be effective from 1 April 2022 for all entities which have not met the criteria for adoption at an earlier date.

Subsequent years

IFRS 17 *Insurance Contracts* requires a discounted cash flow approach to accounting for insurance contracts. It is now expected to

become effective in the public sector from 1 April 2023. The Agency considers that it has no contracts which meet the definition of insurance contracts as set out in the standard.

The Agency does not consider that any other new, or revised standard, or interpretation will have a material impact.

1.04 Estimation of accrued liabilities

The recognition and valuation of accrued liabilities for work done by its principal service contractors are based on the Agency's best estimates of the work done at the end of the reporting period. The value of work done is certified, invoiced and paid only when all valuation issues have been resolved to the Agency's satisfaction. Accruals are based on assessments by the Agency's project management teams of work done by the contractors. When accruing the Agency takes a view of any disputed amounts.

1.05 Property, plant and equipment

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis.

Additions are valued using estimates of the cost of work done in the year to 31 March 2022. To the extent that estimates are greater than amounts invoiced, amounts expected to be required to settle contractual obligations are recognised as PPE additions and corresponding accruals in Trade and other payables (Note 12). Cost estimates are based on information readily available to project managers on the status of works, but some estimation uncertainty is involved in measuring the value of works performed at the year-end date.

Valuation

Property, plant and equipment are carried in the statement of financial position at current value in existing use or fair value as described below:

- **Property is valued by the Agency's external property consultants at Existing Use Value (EUV) where a market for such property is established. Where no such market exists and it is impracticable to ascertain the EUV then replacement cost, adjusted for the age and condition of the property, is used,**
- **Valuations of property are carried out every five years, most recently at 31 December 2018. The five yearly valuation is supplemented by annual indexation for intervening years in line with the direction in the FReM. Revaluation indices are supplied by external property consultants,**
- **Plant and equipment are revalued annually using appropriate price indices published by the Office for National Statistics,**
- **Revaluation surpluses on property, plant and equipment are taken to the revaluation reserve. Revaluation deficits are written off against any revaluation surplus for the asset concerned and otherwise to the Statement of Comprehensive Net Expenditure,**
- **Surplus assets, if any, are valued at current value in existing use or fair value.**

Depreciation

Depreciation is not charged on freehold land and assets under construction. Other assets are depreciated on a straight-line basis over their estimated useful economic lives as follows:

- **Freehold buildings – up to a maximum of 50 years,**
- **Leasehold buildings – over the lower of the lease term and the estimated remaining life,**
- **Leasehold improvements – over the lower of the lease term or the estimated remaining life,**
- **Plant and equipment – over the following standard lives:**
 - **Information Technology 3–15 years**
 - **Transport Equipment 3–10 years**
 - **Plant and Machinery 5–15 years**
 - **Furniture and Fittings 3–10 years**

Specific individual assets may be depreciated on an ad hoc basis outside of these limits where management believes that this is appropriate.

1.06 Intangible assets

Intangible assets, which are defined as non-financial assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights, are capitalised on an accruals basis, if they meet the following criteria:

- **They are capable of being used for a period which exceeds one year; and**
- **They have a cost equal to or greater than £1,000, or**
- **They comprise applications software with a cost of £20,000 or more.**

Intangible assets are amortised typically over 3–10 years or over the useful economic life of an item in property, plant and equipment with which the useful economic life of the intangible asset is closely associated.

Intangible assets are revalued annually using appropriate price indices published by the Office for National Statistics (ONS). Amortisation is not charged on intangible assets under development.

Operating software essential to the running of hardware is capitalised with the associated hardware as property, plant and equipment where it is not possible to separate the costs.

Intellectual property rights to data which is not freely available for download under Open Government Licence on government websites are not capitalised.

1.07 Assets held for sale

Assets held for sale are available for immediate sale in their present condition and are being actively marketed for sale. They are valued at the lower of their carrying amount at the point of transfer and fair value (market value) less material selling costs. Depreciation is not applied.

1.08 Inventories – stockpile goods

Stockpile goods are chemical goods for use in national emergencies held at strategic locations in the UK. They are maintained at a fixed level and not normally consumed in the year. As such they are deemed to be non-current assets by the FReM and are valued at net replacement cost rather than net realisable value. Revaluation surpluses are taken to the revaluation reserve.

1.09 Leases

Scope and classification

In accordance with IFRS 16 *Leases*, contracts, or parts of a contract that convey the right to use an asset in exchange for consideration are accounted for as leases. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease.

The Agency excludes contracts for low-value items, defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and contracts with a term shorter than twelve months (comprising the non-cancellable period together with any extension options that the Agency is reasonably certain to exercise and any termination options that the Group is reasonably certain not to exercise).

Initial recognition

At the commencement of a lease the Agency recognises a right-of-use asset and a lease liability.

The lease liability is measured as the payments for the remaining lease term (as defined above), discounted either by the rate implicit in the lease, or, where this cannot be determined, by the Agency's incremental cost of borrowing. The payments included in the liability are those that are fixed, or in-substance fixed, excluding charges arising, for example, from future rent reviews or changes in an index. For most agencies, including the MCA, the incremental cost of borrowing is the rate advised annually by HM Treasury.

The right-of-use asset is measured at the value of the liability, adjusted for: any payments made before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs, which will be required to be paid at the end of the lease. However, where the lease requires nominal consideration (a type of arrangement often described as a "peppercorn" lease), the FReM requires that the asset be measured at its current value in existing use.

Subsequent measurement

The leased asset is subsequently measured using the fair value model. The Agency considers that the cost model is a reasonable proxy for leased asset values except for assets held under leases with no regular rent review, which will be assessed for revaluation in line with IAS16. Leased assets with nominal or nil-consideration (peppercorn leases) have been valued using market rentals, provided by external property consultants.

The lease liability is subsequently for the accrual of interest, repayments, re-assessments and modifications. Re-assessments and modifications are measured by re-discounting the revised cash flows; the impact is reflected in the liability and either in the asset valuation or expenditure.

Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and any change in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or for those shorter than twelve months are expensed.

Estimates and judgements

For embedded leases, the Agency determines the amounts to be recognised as the right-of-use asset and lease liability based on the stand-alone price of the lease component and the non-lease component or components. This determination reflects the prices for leases of the underlying asset, where these are observable; otherwise, it maximises the use of other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease components.

The FReM requires that right-of-use assets held under “peppercorn” leases should be measured at current value in existing use. These leases include historic, long-term leases as well as more recent arrangements. To identify such leases, the Agency has distinguished consideration that is nominal from consideration that is low, but proportionate to the asset's value (for example, the lease of a small area of land with few alternative uses). This distinction reflects, so far as possible, recent, observable market arrangements for comparable assets (for example, current rentals); otherwise, based on the Agency's own arrangements.

Where, for peppercorn leases, existing use value is required, this is calculated using market value rentals provided by external property consultants, over the lease term. Market value rentals will be provided on a yearly basis.

1.10 Provisions for liabilities and charges

The Agency maintains several provisions. These provisions are reviewed annually as at the balance sheet date and are adjusted to reflect the latest best estimate of the liability. Provisioning is made when the tests of IAS 37 have been passed in that there is a legal or constructive obligation arising from past events; it is more likely than not there will be an outflow of economic benefits; and the amount can be estimated reliably. These adjustments are reflected in the Statement of Comprehensive Net Expenditure for the year. Where the time value of money is material, the future estimated cash flows are discounted to present values using the appropriate discount rate set by HM Treasury.

1.11 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits for which the agency is unable to identify its share of underlying liabilities. The Agency therefore recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year.

Additional details relating to the PCSPS are included within the Remunerations and Staff Report under pensions.

1.12 Value Added Tax

The Agency is not separately registered for Value Added Tax (VAT) and VAT collected or paid is accounted for centrally by the DfT. These accounts include irrecoverable VAT where applicable.

1.13 Revenue from contracts with customers

Revenue from contracts with customers relates to revenue received directly from the operating activities of the Agency. The FReM has adapted the definition of a contract in IFRS 15 to include legislation and regulations which enable an entity to obtain revenue not classified as a tax.

Revenue principally comprises fees and charges for goods or services provided, on a full cost basis, to external customers. Most of the Agency's revenue is received in advance of goods or service provision and is recognised as deferred income until the performance obligation has been met. Revenue is stated after deduction of Value Added Tax.

1.14 Other Operating Income

Revenue received as other operating income has been assessed against IFRS 15. Where it does not meet the requirements of IFRS 15 or there are exemptions applicable for certain revenue streams, these have been classified as other operating income.

1.15 Contingent liabilities

The Agency has legal claims and challenges made against it from time to time in carrying out its duties as a regulator. In accordance with IAS 37, the Agency discloses as contingent liabilities potential future discounted obligations arising from past obligating events, where the existence of such obligations remains uncertain pending the outcome of future events outside of the Agency's control, unless their likelihood is considered to be remote.

1.16 Critical judgements

Contracts for services have been evaluated under IFRS 16 to determine whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease. The Agency has assessed that its contracts to provide search and rescue helicopter and other services such as aerial surveillance aircraft and emergency towing vessels contain leases.

The Agency considers that the cost model is a reasonable proxy for leased asset values. Periodically the use of cost proxy is reviewed to ensure it is still relevant, and, specifically for the Search and Rescue Helicopters. The possible increase in replacement costs of the helicopter assets, from inception to current date, cannot be measured with any reliability; the cost by proxy is continued to be used.

2. Operating expenditure

	2021–22		2020–21	
	£000	£000	£000	£000
Staff costs				
Wages and salaries	45,748		43,936	
Agency staff	2,632		3,161	
Wages and salaries – total	48,380		47,097	
Social security costs	4,824		4,523	
Other pension costs	11,137		10,499	
	64,341		62,119	
Purchase of goods and services – cash items				
UK SAR helicopter service	166,690		162,434	
Aerial surveillance & spraying	12,925		10,431	
Support for maritime training	12,119		12,857	
Civil hydrography & navigation safety	7,621		8,108	
Information technology and telecommunications	22,400		27,927	
Accommodation	10,992		10,853	
Pollution response and emergency towing vessels	3,396		3,990	
Coastguard volunteers	4,519		4,066	
Subscriptions to IMO and other international bodies	1,366		1,525	
Research and development – grant related	0		58	
Staffing, travel and subsistence	4,972		2,616	
Administration and professional	5,227		9,553	
Services and technical advice	5,146		6,185	
Purchase of goods and services – non-cash items				
Auditors' remuneration and expenses	90		85	

	2021-22		2020-21	
	£000	£000	£000	£000
Purchase of goods and services	257,463		260,688	
Operating expenditure – other non-cash items				
Depreciation and impairment charges				
Depreciation – owned assets	9,190		7,641	
Depreciation – right of use assets	46,904		46,992	
Amortisation – owned assets	2,953		2,504	
Impairment	787		(42)	
Net revaluation (gains)/losses	(544)		555	
	59,290		57,650	
Other operating expenditure				
Loss/(profit) on disposal of non-current assets	(314)		(223)	
Loss/(gain) on re-measurement of right-of-use assets	-		190	
	(314)		(33)	
Net provision expense				
Provisions provided in year (net)	1,578		277	
Unwinding of discount on provisions	(10)		-	
Impairment (gains)/losses – trade receivables	(95)		(151)	
	1,473		126	
Total other non-cash items	60,449		57,743	
Total other expenditure	317,912		318,431	
Total operating expenditure	382,253		380,550	

SAR helicopters

The MCA provides all search and rescue helicopter services in the UK from ten bases operating solely under the UK Search and Rescue Helicopter Service (UK SAR-H) contract.

The costs for this contract are included in operating expenditure and finance expense as described in the table below:

	2021–22	2020–21
SAR-H contract costs	£000	£000
UK SAR Helicopter service	166,690	162,434
Purchases of goods and services	166,690	162,434
Depreciation – right of use assets	41,227	41,691
Operating expenditure	207,917	204,125
Finance expense	3,578	4,420
Search and rescue helicopters	211,495	208,545

Services to the shipping industry

Total shipping industry support and services expenditure was £19,740,000 (2020–21: £20,965,000).

The Agency operates the Support for Maritime Training Scheme (SMarT) for maritime officer trainees. The Agency provided funding after costs in 2021–22 of £12,119,000 (2020–21: £12,857,000).

The Agency provided further services to the shipping industry as required by Merchant Shipping Acts and international conventions costing £7,621,000 in 2021–22 (2020–21: £8,108,000). These services included civil hydrographic surveys, weather bulletins and navigational warnings, seafarer safety and medical services.

The United Kingdom Hydrographic Office (UKHO) holds in its database the results of civil hydrographic surveys performed by private firms under contract to the Maritime and Coastguard Agency. The data is freely available from the UKHO for download under the Open Government Licence. The MCA bears the cost of obtaining UK civil hydrographic survey data and holds the crown copyright.

Other Costs

Costs contained within the Administration and professional include items such as consultancy, Legal and audit fees.

Costs contained included within the Services and technical advice line include items such as Coastguard equipment and maintenance, technical advice and shipwreck monitoring.

3. Income

	2021–22	2020–21
	£000	£000
Statutory services	7,970	5,612
Operational services	3,609	2,474
Other services	791	309
Other income (costs recharged)	1,377	1,399
Total revenue from contracts with customers	13,747	9,794
Other receipts	2,561	3,725
Grant income	-	135
Total other income	2,561	3,860
Total Income	16,308	13,654

The Agency receives income mainly from fees and charges for the delivery of front-line services provided on a full cost basis to external customers as part of its operating activities.

Income Segment	Goods or Services	Nature, timing and satisfaction of performance obligation
Statutory services	Ship Surveys	Undertaken when a fee is received in advance. Surveyor time is spent surveying and income is recognised as time is charged.
	Registration of Shipping & Seafarers	Fee is received in advance for vessel registration documentation and is recognised when documentation issued. Seafarer records are updated with time at sea. Income is recognised once document issued.
	Seafarer Training & Certification	Fee is received in advance for exams, certification & postage. Income is recognised in stages; when an exam is taken, certificates are issued when exam is passed and posted.
Operational services	Emergency helicopter flights	Local NHS trusts request use of Agency helicopter assets and recharge of costs are invoiced in line with an agreed schedule.
Other services	Wider Market Initiatives – Large Yacht Surveys	Undertaken when a fee is received in advance. Surveyor time is spent surveying and income is recognised as time is charged.

All income was recognised at a point in time apart from £171,000 in Other Receipts recognised over time.

Disaggregation

The disclosures below are shown by revenue category in line with IFRS 15 requirements.

Deposits are received as an estimated amount for an agreed service, primarily ship survey work.

Revenue from contracts with customers by directorate received as:	Fee in advance	Deposit	Invoiced	Total Revenue
	£000	£000	£000	£000
Statutory Services	3,376	4,457	137	7,970
Operational Services	-	-	3,609	3,609
Other Services	-	791	-	791
Other Income	-	-	1,377	1,377
Total Revenue	3,376	5,248	5,123	13,747

4. Operating segments

It is not necessary for the Agency to provide segmental reporting under IFRS 8 because it operates as a single entity. An analysis of income and expenditure for key activities is provided in Note 2. An analysis of assets and liabilities by activity is not provided given these are not reported internally.

5. Property, plant and equipment

2021-22	Land	Buildings	Information technology	Transport Equipment	Other equipment	Assets under	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
As at 1 April 2021	7,341	36,845	43,690	17,532	16,304	12,441	134,153
Additions	36	732	4,944	-	304	20,284	26,300
Disposals	(46)	(146)	(3,410)	(1,222)	-	-	(4,824)
Reclassification	-	26	6,840	659	129	(7,595)	59
Revaluations	42	223	1,031	409	2,070	-	3,775
As at 31 March 2022	7,373	37,680	53,095	17,378	18,807	25,130	159,463
<i>Fully depreciated</i>	-	525	13,763	2,310	894	-	17,492
Depreciation							
As at 1 April 2021	-	4,919	30,441	9,573	5,191	-	50,124
Charge in year	-	1,608	4,163	1,363	2,056	-	9,190
Disposals	-	(13)	(3,356)	(1,219)	-	-	(4,588)
Reclassification	-	-	59	-	-	-	59
Revaluations	-	(238)	581	223	881	-	1,447
As at 31 March 2022	-	6,276	31,888	9,940	8,128	-	56,232
Net Book Value							
As at 1 April 2021	7,341	31,926	13,249	7,959	11,113	12,441	84,029
As at 31 March 2022	7,373	31,404	21,207	7,438	10,679	25,130	103,231

Buildings includes freehold buildings, owned buildings on leased land and improvements to leased buildings. Information technology includes communications and related assets as well as IT hardware. Other equipment includes equipment for use in aircraft, pollution response and rescue together with furniture and fittings. Assets under construction includes expenditure of £21,656,000 for the MCA's new radio network infrastructure.

A professional, independent valuation as at 31 December 2018 of the Agency's land and buildings was made by I Lambert MRICS, RICS Registered Valuer and other staff of Hartnell

Taylor Cook of Clifton, Bristol, in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Global Standards 2017 and the RICS UK National Supplement.

Since that date, the land and buildings have been revalued annually using a capital growth property index reflecting the mostly coastal locations of these properties, except for the MCA's Headquarters. The HQ property has been revalued to the value at which it is to be transferred to the Government Property Agency. After the transfer, the MCA will lease the property which will be retained as a right of use asset.

Analysis of net book value of buildings	31 March 2022	31 March 2021
	£000	£000
Freehold buildings	22,639	23,271
Buildings on leased land and improvements on properties occupied under:		
Leases more than 50 years	2,431	3,454
Leases less than 50 years	6,334	5,201
Total buildings	31,404	31,926

Property, plant and equipment (continued)

2020–21	Land	Buildings	Information technology	Transport Equipment	Other equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
As at 1 April 2020	7,679	39,376	42,155	17,589	9,692	6,049	122,540
Additions	47	47	1,539	412	6,320	10,500	18,865
Disposals	(203)	(589)	(530)	(1,254)	-	-	(2,576)
Impairment	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Reclassification	465	729	139	1,270	630	(4,108)	(875)
Revaluations	(647)	(2,718)	387	(485)	(338)	-	(3,801)
As at 31 March 2021	7,341	36,845	43,690	17,532	16,304	12,441	134,153
Depreciation							
As at 1 April 2020	-	4,171	26,811	9,818	4,351	-	45,151
Charge in year	-	1,580	3,906	1,244	911	-	7,641
Disposals	-	(35)	(530)	(1,233)	-	-	(1,798)
Impairment	-	(42)	-	-	-	-	(42)
Transfers	-	-	-	-	-	-	-
Reclassification	-	(56)	-	-	27	-	(29)
Revaluations	-	(699)	254	(256)	(98)	-	(799)
As at 31 March 2021	-	4,919	30,441	9,573	5,191	-	50,124
Net Book Value	7,679	35,205	15,344	7,771	5,341	6,049	77,389
As at 1 April 2020							
As at 31 March 2021	7,341	31,926	13,249	7,959	11,113	12,441	84,029

6. Right of use assets

2021-22	Search & Rescue Helicopters	Surveillance Aircraft	Emergency Towing Vessel	Land & Buildings	Total
Valuation	£000	£000	£000	£000	£000
As at 1 April 2021	281,111	6,314	5,099	18,851	311,375
Additions	-	988	-	188	1,176
De-recognition	(13,413)	(427)	-	(136)	(13,976)
Revaluation	-	-	-	274	274
Remeasurement	-	594	1,913	149	2,656
As at 31 March 2022	267,698	7,469	7,012	19,326	301,505
Depreciation					
As at 1 April 2021	84,716	2,024	3,708	3,553	94,001
Charge in year	41,227	2,047	1,883	1,747	46,904
De-recognition	(6,445)	(427)	-	(48)	(6,920)
As at 31 March 2022	119,498	3,644	5,591	5,252	133,985
Net Book Value					
As at 1 April 2021	196,395	4,290	1,391	15,298	217,374
As at 31 March 2022	148,200	3,825	1,421	14,074	167,520

The derecognition of an airframe under the SAR-H leasing arrangements has led to an overall reduction of Right of Use assets of £6,968m, as reflected in the table above. There is a corresponding derecognition of lease liabilities (note 11) of £7,158m. The derecognition has resulted from a contractual change, put

in place as the airframe is no longer required due to an increase in service efficiencies. This reduces the scale of the SAR-H assets available to the Agency, as well as reducing corresponding obligations for future lease payments.

2020-21	Search & Rescue Helicopters	Surveillance Aircraft	Emergency Towing Vessel	Land & Buildings	Total
<i>Valuation</i>	£000	£000	£000	£000	£000
As at 1 April 2020	281,111	5,043	5,099	18,496	309,749
Additions	-	1,271	-	281	1,552
De-recognition	-	-	-	(11)	(11)
Remeasurement	-	-	-	50	50
Reclassification	-	-	-	35	35
As at 31 March 2021	281,111	6,314	5,099	18,851	311,375
<i>Depreciation</i>					
As at 1 April 2020	43,025	336	1,855	1,795	47,011
Charge in year	41,691	1,688	1,853	1,760	46,992
De-recognition	-	-	-	(2)	(2)
As at 31 March 2021	84,716	2,024	3,708	3,553	94,001
<i>Net Book Value</i>					
As at 1 April 2020	238,086	4,707	3,244	16,701	262,738
As at 31 March 2021	196,395	4,290	1,391	15,298	217,374

7. Intangible assets

2021-22	Software developments	Software licences	Intellectual property rights	Under development	Total
Cost	£000	£000	£000	£000	£000
As at 1 April 2021	13,348	3,504	8,160	4,871	29,883
Additions	610	-	-	1,180	1,790
Disposals	-	(2,678)	-	-	(2,678)
Impairment	-	-	-	(787)	(787)
Reclassification	3,304	226	-	(3,530)	-
Revaluations	991	5	-	-	996
As at 31 March 2022	18,253	1,057	8,160	1,734	29,204
<i>Fully amortised</i>	1,732	50	-	-	1,782
Amortisation					
As at 1 April 2021	5,816	3,186	1,989	-	10,991
Charge for year	1,981	150	822	-	2,953
Disposals	-	(2,678)	-	-	(2,678)
Revaluations	446	(17)	-	-	429
As at 31 March 2022	8,243	641	2,811	-	11,695
Net book value at 1 April 2021	7,532	318	6,171	4,871	18,892
Net book value at 31 March 2022	10,010	416	5,349	1,734	17,509

The most significant assets by value reported are intellectual property rights valued at £5,349,000 and software assets for UK Ship Registration valued at £2,412,000 and for the Channel Navigation Information Service valued

at £1,802,000. Assets under development include new aviation command and control software valued at £869,000. A digital system for seafarers valued at £787,000 has been fully impaired and development has ended.

2020–21	Software developments	Software licences	Intellectual property rights	Under development	Total
Cost	£000	£000	£000	£000	£000
As at 1 April 2021	9,609	3,435	8,160	4,369	25,573
Additions	563	-	-	1,990	2,553
Reclassification	2,298	-	-	(1,488)	810
Revaluations	878	69	-	-	947
As at 31 March 2021	13,348	3,504	8,160	4,871	29,883
Amortisation					
As at 1 April 2020	3,858	3,038	1,166	-	8,062
Charge for year	1,581	100	823	-	2,504
Reclassification	(1)	-	-	-	(1)
Revaluations	378	48	-	-	426
As at 31 March 2021	5,816	3,186	1,989	-	10,991
Net book value at 1 April 2021	5,751	397	6,994	4,369	17,511
Net book value at 31 March 2022	7,532	318	6,171	4,871	18,892

8. Inventories

	31 March 2022	31 March 2021
	£000	£000
Stockpile goods		
Balance at 1 April	5,006	4,818
Write down	-	(11)
Net gain/(loss) on revaluation	1,324	199
Balance at 31 March	6,330	5,006

9. Assets classified as held for sale

	31 March 2022	31 March 2021
	£000	£000
Balance at 1 April	-	979
Disposals	-	(979)
Balance at 31 March	-	-

10. Trade receivables and other assets

	31 March 2022	31 March 2021
	£000	£000
Amounts falling due within one year		
Trade receivables	2,029	3,225
VAT receivables	1,922	1,403
Other receivables	546	220
Prepayments	5,002	3,529
Accrued income	1,402	1,601
Total current	10,901	9,978
Amounts falling due after more than one year		
Other receivables	71	56
Total non-current	71	56
Total current and non-current	10,972	10,034

11. Cash

	2021–22	2020–21
	£000	£000
Balance at 1 April	1,831	(1,253)
Net change in cash balances	2,995	3,084
Balance at 31 March	4,826	1,831

The following balances were held at:

	31 March 2022	31 March 2021
	£000	£000
Government Banking Service	4,826	1,831
Total balance at 31 March	4,826	1,831

12. Trade payables and other liabilities

	31 March 2022	31 March 2021
	£000	£000
Amounts falling due within one year		
Trade payables	1,778	1,125
Other payables	1,182	1,172
Accruals	54,889	43,925
Deferred income	5,577	5,931
Total current	63,426	52,153

13. Lease Liabilities

2021-22	Search & Rescue Helicopters	Surveillance Aircraft	Emergency Towing Vessel	Land & Buildings	Total
	£000	£000	£000	£000	£000
As at 1 April 2021	203,977	4,676	1,577	13,690	223,920
Additions	-	988	-	188	1,176
Interest	3,578	273	21	245	4,117
Payments	(44,242)	(2,276)	(1,907)	(1,774)	(50,199)
De-recognition	(7,158)	-	-	(89)	(7,247)
Remeasurement	-	594	1,892	142	2,628
As at 31 March 2022	156,155	4,255	1,583	12,402	174,395
Current portion	43,465	1,718	1,583	1,387	48,153
Non-current portion	112,690	2,537	-	11,015	126,242
As at 31 March 2022	156,155	4,255	1,583	12,402	174,395

Leases in place at transition were discounted using the HM Treasury interest rate of 1.99% and this was applied during the financial year up to January 2020 when this changed to 1.27%. From January 2021 the rate provided by HMT changed to 0.91%. From January 2022 the rate changed to 0.95%.

We apply the HMT rate to all our leases with the exception of the Surveillance Aircraft lease which has an interest rate implicit in the agreement of 7.75% and this has been applied since inception in December 2019.

The Search and Rescue helicopter contract is assessed annually for probability of activating lease extension options and lease breaks in line with IFRS16.

2020–21	Search & Rescue Helicopters	Surveillance Aircraft	Emergency Towing Vessel	Land & Buildings	Total
	£000	£000	£000	£000	£000
As at 1 April 2020	244,129	4,866	3,277	14,535	266,807
Additions	-	1,270	-	486	1,756
Interest	4,420	346	48	275	5,089
Payments	(44,572)	(1,806)	(1,748)	(1,633)	(49,759)
De-recognition	-	-	-	(8)	(8)
Remeasurement	-	-	-	35	35
As at 31 March 2021	203,977	4,676	1,577	13,690	223,920
Current portion	44,674	1,746	1,577	1,474	49,471
Non-current portion	159,303	2,930	-	12,216	174,449
As at 31 March 2021	203,977	4,676	1,577	13,690	223,920

Obligations under Leases

2021–22	Search & Rescue Helicopters	Surveillance Aircraft	Emergency Towing Vessel	Land & Buildings	Total
	£000	£000	£000	£000	£000
Obligations					
Not later than one year	46,139	1,917	1,588	1,596	51,240
Later than one year and not later than five years	116,096	2,674	-	6,044	124,814
Later than five years	-	-	-	12,476	12,476
	162,235	4,591	1,588	20,116	188,530
Less Interest	(6,080)	(336)	(5)	(7,714)	(14,135)
Present value of obligations	156,155	4,255	1,583	12,402	174,395

Lease Charges within Statement of Comprehensive Net Expenditure

	2021–22	2020–21
	£000	£000
Expense relating to short-term leases	-	180
Expense relating to VAT	9,512	9,489
Expense relating to low-value assets	-	-

Cash Outflow for Leases

	2021–22	2020–21
	£000	£000
Total Cash outflow for leases	50,199	49,759

SAR helicopter contracts and other obligations

Helicopter search and rescue services managed by the MCA are provided under SAR Helicopter contracts which include arrangements treated as lease obligations. Further details of these arrangements are disclosed at Note 2 Operating expenditure. Other obligations under contracts for

Surveillance Aircraft (ASV) and Emergency Towing Vessels (ETV) services with similar arrangements are treated in the same way.

During the reporting period a training helicopter was withdrawn from service, so the right of use asset and liability were derecognised.

14. Provisions for liabilities and charges

	Leasehold dilapidations	Other	Total
	£000	£000	£000
As at 1 April 2021	2,400	349	2,749
Provided in the year	1,498	241	1,739
Not required written back	(52)	(109)	(161)
Utilised during year	-	(73)	(73)
Unwinding of discount	(10)	-	(10)
Balance at 31 March 2022	3,836	408	4,244
Current liability	591	408	999
Non-current liability	3,245	-	3,245
Balance at 31 March 2022	3,836	408	4,244

Analysis of expected timing of discounted cash flows:

	Leasehold dilapidations	Other	Total
	£000	£000	£000
Within 1 year	591	408	999
2-5 years	517	-	517
6-10 years	214	-	214
Over 10 years	2,514	-	2,514
Balance at 31 March 2022	3,836	408	4,244

Future estimated costs have been discounted, where the effect of discounting is significant, at rates announced by HM Treasury. Leasehold dilapidations cash flows over 10 years include £922,000 expected to be called within 50 years, £944,000 after more than 50 years and £648,000 after more than 75 years.

Leasehold dilapidations

The provision for leasehold dilapidations represents the estimated expenditure required to return leasehold rental properties to their

original condition if this is a requirement of the lease which the lessor may choose to exercise. The estimates are subject to uncertainty regarding timing and the extent of works required.

Other

Other provisions have been made against a variety of claims by third parties.

15. Capital commitments

	31 March 2022	31 March 2021
	£000	£000
Property, plant and equipment	24,849	55,773
Intangible assets	650	751
Total	25,499	56,524

The Radio Network Infrastructure Replacement programme accounts for £22,089,000 of the capital commitment in property, plant and equipment.

16. Contingent assets

The Agency seeks to recover costs from counter pollution incidents. In some cases, it may take several years before cost recovery claims are settled and the Agency holds contingent assets pertaining to the future value of such claims. Due to the nature of the claims, it is not practicable to estimate the future financial effect as the timing and value are unknown and there is no guarantee of the claims being successful. In 2021–22, the MCA recovered costs of £17,798 from claims made against the owners of several vessels (2020–21: £363,080).

17. Events after the reporting period

On 21 July 2022, the MCA awarded the new contract for the UK Second-Generation Search and Rescue Aviation programme, known as UKSAR2G. The contract is worth £1.6 billion and will last for 10 years, using a fleet of state-of-the-art helicopters, planes and drones.

The existing SAR-H contract will phase out in 2023/24 through to 2025/26 as the UKSAR2G contract comes online throughout that period.

The MCA has been engaged in discussions to arrange that the ownership of the MCA's headquarters property in Southampton should be transferred to the Government Property Agency. The transfer, by grant in kind of £10,550,000, took place on 1 April 2022, after which date the MCA will pay rent to occupy the building. This transfer took place one year later than had previously been expected.

There have been no other significant events between the reporting period close and the date of these Financial Statements. These Financial Statements are laid before the House of Commons by the Secretary of State for

Transport. IAS 10 requires the MCA to disclose the date on which the accounts are authorised for issue. This is the date on which the accounts are certified by the Comptroller and Auditor General.

18. Related party transactions

The Maritime and Coastguard Agency (MCA) is an Executive Agency of the Department for Transport (DfT). The DfT is regarded as a related party. During the year, there were material transactions between the MCA and the DfT and minor transactions with other entities for which the DfT is regarded as the parent department.

During the year no Board member, key manager or other related party have undertaken any material transactions with the MCA.

19. Financial instruments

As the cash requirements of the MCA are met through the estimate process and funded largely by Treasury drawdown, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. Most financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements. There are no contracts containing embedded derivatives. The Agency is exposed to little credit, liquidity, or market risk or risks arising from interest rate fluctuations. The Agency has limited exposure to risks arising from foreign currency fluctuations and currently there are no receivable accounts or bank accounts held in currency other than £ sterling.









Maritime &
Coastguard
Agency

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