



Maritime &
Coastguard
Agency

Maritime and Coastguard Agency Annual Report and Accounts

2022-2023

HC 1744

Maritime and Coastguard Agency Annual Report and Accounts 2022-2023

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Contents

Non-Executive Chairman's Introduction.....	8
Chief Executive's Foreword.....	10
Performance Report	13
Who we are and what we do	14
Our achievements in 2022-2023.....	15
Delivering against our 2022-23 Business Plan.....	17
Financial Performance Analysis.....	22
Safer Lives – preventing loss of life	23
Safer Ships – improving maritime safety.....	27
Cleaner Seas – protecting the environment.....	32
Our People	34
Health and Safety.....	35
Sustainable Development.....	38
Accountability Report	43
Corporate Governance Report	44
Governance Statement.....	47
Remuneration and Staff Report	58
Remuneration policy.....	59
Service Contracts	59
Remuneration and pension entitlements of senior management (audited).....	60
Salary	61
Benefits in kind.....	61
Bonuses	61
Pension Benefits	62
Cash Equivalent Transfer Values	63
Real increase in CETV	63
Civil Service Pensions	64
Fair Pay Disclosures (audited).....	65
Pensions	66
Expenditure on consultancy and temporary staff	67
Off-payroll Engagements.....	68
Staff costs (audited).....	70
Staff numbers (audited)	70

Staff composition	71
Sickness absence data.....	71
Staff turnover.....	71
Staff policies for disabled persons applied during the financial year	71
The Trade Union (Facility Time Publication Requirements) Regulations 2017	72
Exit packages (audited)	72
Diversity and Inclusion.....	73
Parliamentary accountability disclosures	75
Comptroller and Auditor General’s report and certificate	78
The Certificate and Report of the Comptroller and Auditor General to the House of Commons.....	79
Financial Statements	86
Statement of Comprehensive Net Expenditure	87
Statement of Financial Position	88
Statement of Cash Flows	89
Statement of Changes in Taxpayers’ Equity.....	90
Notes to the Agency’s accounts	91
1. Statement of Significant Accounting Policies.....	92
2. Operating Expenditure	98
3. Income.....	101
4. Operating Segments	102
5. Property, Plant and Equipment.....	102
6. Right of Use Assets.....	105
7. Intangible Assets.....	106
8. Inventories	107
9. Trade Receivables and Other Assets	108
10. Cash	108
11. Trade Payables and Other Liabilities.....	108
12. Lease Liabilities	109
13. Provisions for Liabilities and Charges.....	111
14. Capital Commitments.....	112
15. Other Financial Commitments :.....	112
16. Contingent Assets	113
17. Related Party Transactions	113
18. Financial Instruments	113
19. Events After the Reporting Period	113

Non-Executive Chairman's Introduction



I am pleased to introduce the Maritime & Coastguard Agency's Annual Report and Accounts for 2022-23.

This was a year in which the challenges of Covid were finally put behind us and we were able to return to more normal working conditions. Under the leadership of our Chief Executive, Brian Johnson, and interim Chief Executive, Damien Oliver, we were able to re-engage with staff in series of cross-functional regional meetings. What was evident, above all else, was a culture in which competent people got on with their demanding roles without any fuss or bother.

As I explored what drove this commitment, a common thread emerged: "Just do what it takes, however challenging the task" is embedded in our culture. The Board shares my gratitude to all our staff for their commitment.

Nowhere is this commitment more evident than in the work of His Majesty's Coastguard who have provided exceptional service in a year in which growing migrant numbers across The Channel were added to the wide range of incidents to which the Coastguard responds on land and at sea.

The job of the Coastguard's staff and volunteers is to save lives, regardless of the reason lives are at risk. Whether it is an issue of Channel safety, lives at risk off coastal beaches or walkers at risk on Ben Nevis, the Coastguard's mission is to save lives. This is a demanding task when all goes well and a harrowing task on those occasions when lives are lost.

The inclusion of His Majesty's Coastguard staff in the Coronation was a deserved recognition of the service they provide across all parts of the UK.

I would also like to recognise the expertise and diligence of our survey and inspection teams, whose crucial work keeps thousands of UK seafarers and passengers safe.

We have continued to drive forward our regulatory work, setting and enforcing standards domestically and seeking to promote the UK interest internationally at the International Maritime Organization (IMO) and with our partners in the Red Ensign Group. Both domestically and internationally we will continue to work with industry to foster innovation, while maintaining our commitment to safety.

Our commitment to growing our digital platforms across the MCA was evidenced by increasing online engagement with the UK Ship Register with tonnage registered increasing by 3.5%. A new website due to launch this summer will help sustain this momentum.

We continue to promote the UK's maritime economic offer, and I look forward to London International Shipping Week in September, where the Maritime & Coastguard Agency and our Concierge Service will be a major participant.

In closing, I would like to thank Brian Johnson, our recently departed Chief Executive, for his leadership and evident passion for the work of the MCA, thank Damien Oliver, our interim Chief Executive, for his leadership during the latter part of the year, and welcome Virginia McVea, our new CEO, who came onboard at the beginning of April. Virginia joins a team of committed senior leaders and non-executive directors whose support has been invaluable throughout a challenging year.

Christopher Rodrigues
Non-Executive Chairman

Chief Executive's Foreword



I am honoured to present the Maritime & Coastguard Agency's Annual Report and Accounts for 2022-23.

Since joining the Agency in April 2023, I have been deeply impressed by the breadth and quality of the work done by the Agency.

The Agency's achievements over the last year are significant: HM Coastguard responded with professionalism and skill to more than 36,000 incidents, including migrant crossings in The Channel; teams across the UK conducted over 5,000 surveys and inspections; thousands of seafarers took exams and received licences and certificates; we have secured UK interests at the International Maritime Organization (IMO), and with our UK Overseas Territory and Crown Dependency partners as part of the Red Ensign Group; and we have continued to support the growth of the UK's maritime economy in partnership with Department for Transport (DfT) and other partners across government. That work means the UK public are safer, seafarers are safer, our natural environments is better protected, and we play our part in building a stronger maritime economy for the benefit of us all. Safer lives, safer ships, cleaner seas.

With two hundred years spent saving lives along the UK coast and at sea, and decades of experience surveying and inspecting vessels all around the UK, the MCA will continue to deliver on our core responsibilities as maritime regulator and, through HM Coastguard, the provider of the UK's 24/7 emergency response search and rescue coordination service. We recognise our close partners in the RNLI, who will themselves celebrate 200 years of service next year.

We will also make a step change in how we use digital and new technology: transforming our customers' experience by investing further in digitalisation of services, making better use of data analytics to support operational forecasting, and deploying the latest technology to help us save lives at sea, including using AI to improve our ability to find people. Having awarded the contract for our new Search and Rescue Aviation programme in July 2022, we are now in a position to implement an innovative and seamless service across helicopters, fixed wing aircraft and drones.

Much of the MCA's work is international - we thank our colleagues working in maritime services in the UK Overseas Territories and Crown Dependencies for their continued

efforts as part of the Red Ensign Group. We recognise their importance to the UK Flag. So too we thank colleagues and other leaders working with us at the IMO in London, driving global innovation to tackle climate change and a range of increasingly complex challenges to people and our environment.

I would also like to thank our Non-Executive Directors and Chairman, and our colleagues in our sponsor department, the Department for Transport, for their support over the last year. I look forward to working with them to support our people to continue to deliver crucial services in the national interest.

Finally, I would like to recognise that everything the MCA has achieved over the last year is a result of the skill and effort of our people, both our permanent staff who work in communities all around the UK and our over 3,500 volunteers in HM Coastguard. We simply could not provide our life saving services to the public without them, and so I prioritise in this foreword our thanks to you and your families for the sacrifices you have made and continue to make.

Virginia McVea
Chief Executive

Performance Report

Who we are and what we do

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

We aim to achieve safer lives, safer ships, and cleaner seas. 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.

The MCA fulfils an essential role across the United Kingdom's maritime environment. We work to prevent loss of life at sea; we produce maritime legislation and guidance, and enforce standards for ship safety, security, pollution prevention, and seafarer health, safety, and welfare; we contribute to unlocking sustainable growth in the UK maritime economy, supporting the Department for Transport in delivering the Maritime 2050 Strategy.

Our achievements in 2022-2023

Safer Lives

- HM Coastguard responded to more than 36,000 incidents, dealing with distress and 999 calls, coordinating and tasking search and rescue partners including lifeboats, helicopters and fixed wing aircraft, coastguard rescue teams, other emergency services as well as ships in the vicinity to be able to assist.
- We again worked closely with the RNLI and others on public safety messaging that included a summer campaign focusing on the Float to Live message. This message gave people safety advice to help them survive if they fall into water, as well as promoting the “call 999 for the Coastguard” message.
- We provided Local Authorities and beach owners with data on local incidents to help highlight risks in their area.
- HM Coastguard also launched its own coastal safety campaign, Coast Clever, which aimed to help prevent tidal cut off and warn people about the dangers of mud and cliffs. The campaign was fronted by ex-professional footballer and social media influencer Adebayo Akinfenwa.

Safer Ships

- Our network of MCA approved doctors conducted 47,808 medical examinations to check that seafarers were fit to work at sea, including 1,051 fishers. This is an increase of 1,674 on last year’s figure.
- Our online medical system was rolled out to doctors during 2022-23. This system delivers improved services for doctors and seafarers with much better control and access to statistical data.
- 42,000 seafarers currently hold UK Certificates of Competency or Certificates of Equivalent Competency. In 2022-23 we issued 3,067 Notices of Eligibility and 10,843 Certificates of Competency and Certificates of Equivalent Competency/Flag State Endorsements.
- We issued 643 Boat Masters’ Licences for commercial operations on inland waterways.
- Survey and inspection activities are now returning to pre-pandemic levels. We undertook 3,327 surveys and 2,871 inspections of UK ships. We carried out 35 inspections of roll-on-roll-off passenger ferries and passenger high speed craft operating between the UK and Europe.
- Our Port State Control commitments are measured on a calendar year basis, rather than a reporting year, and during 2022 we carried out 1,536 Port State Control inspections.

- We completed 1,054 inspections for compliance with the International Marine Pollution Convention's Air Pollution requirements and 20 samples were analysed using the newly procured portable fuel testing equipment.
- All recovered wreck material must be reported to the Receiver of Wreck. Last reporting year we received 183 reports of wreck material. The Receiver of Wreck also dealt with 81 reports of stranded dolphins, porpoises, whales and sturgeon in under the Prerogative for Royal Fishes.
- Our UK Shipping Concierge is now an established service continued to connect business with various UK government departments, bringing together shipping and maritime with the right expertise. It undertook an extensive programme of promoting the UK maritime offer alongside Department for Business and Trade.
- There were 51 new ship registrations (>100 Gross Tonnes) totalling 710k Gross Tonnes. The total tonnage on the Register increased by 3.49% and at the end of March 2023 the UK Ship Register stood at 10.45 million Gross Tonnes with 1,060 vessels.

Cleaner Seas

- We investigated over 425 shipping casualty incidents and 387 pollution reports. In addition, we reviewed and investigated 778 satellite surveillance detections which indicated potential pollution at sea.
- Alongside the Offshore Petroleum Regulator for Environment and Decommissioning we considered over 100 Petroleum Operational Notice reports, taking action where necessary.

Delivering against our 2022-23 Business Plan

Performance Overview

The MCA is made up of eight directorates: His Majesty’s Coastguard, Maritime Business Development, Programme Delivery, UK Maritime Services, Office of the Chairman & Chief Executive, Information Technology, People, Safety & Communications, and Finance, Compliance & Estates. These directorates have been working against a holistic set of Key Performance Indicators (KPIs).

The KPIs, as published in the 2022-23 Business Plan, are grouped in five areas: be the world’s best performing coastal state; reducing preventable fatalities; being the world’s best performing flag state; being a progressive regulator; and our external obligations. A full breakdown of performance against these KPIs is detailed in the performance analysis below.

Performance Analysis

Performance against the targets is set out below:

<p>Be The World’s Best Performing Coastal State</p> <p>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 in...</p>	<p>90% of all cases</p>	<p>This KPI has not been met.</p> <p>During the reporting year, our HM Coastguard system was upgraded, which is used for incident recording. As a result, we are unable to evidence the figures. We are working with our supplier to rectify with the aim to provide the figures during the next reporting year</p> <p>Last reporting year, 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.</p>
<p>Coastguard Rescue Service (CRS) teams will be available for duty, not stood down or otherwise unavailable for tasking.</p>	<p>98% of the time</p>	<p>This KPI has been met.</p> <p>Our Coastguard Rescue Service teams were available for 98.5% of the time. Last reporting year our availability was 98%.</p>
<p>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 all incidents.</p>	<p>10% of incidents reviewed</p>	<p>This KPI has been met.</p> <p>13% of incidents which the national SAR network responded to were reviewed. Last reporting year the MCA reviewed 10.88%.</p>

<p>Search and Rescue Helicopters will be available to launch from each base location for at least...</p>	<p>98% of the time</p>	<p>This KPI has been met.</p> <p>Our SAR helicopters were available for 99.66% of the time. Last reporting year our SAR helicopters were available 98% of the time.</p>
<p>Aerial Surveillance – available to reach anywhere within the Exclusive Economic Zone within 120 mins from launch...</p>	<p>95% of the time</p>	<p>This KPI has been met.</p> <p>Our Aerial Surveillance capability was available 96.29% of the time. Last reporting year it was available 95% of the time.</p>
<p>Counter Pollution and Salvage Officer will engage 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</p>	<p>95% of cases</p>	<p>This KPI has been met.</p> <p>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 99% of the time.</p>
<p>Award the new UKSAR2G contract/s by ...</p>	<p>31 March 2023</p>	<p>This KPI has been met.</p> <p>The contract for the new UKSAR2G was awarded during July 2022.</p>
<p>Reduce Preventable Fatalities on the Coast, and at Sea</p> <p>We will launch the HM Coastguard external website for safety and other messaging by...</p>	<p>31 March 2023</p>	<p>This KPI has been met.</p> <p>We launched our HM Coastguard website to our stakeholders during March 2023.</p>
<p>To support the safety of the travelling public and those working on UK Fishing Vessels, we will undertake 230 domestic passenger ship inspections and 1,302 fishing vessel inspections by</p>	<p>31 March 2023</p>	<p>This KPI has not been met.</p> <p>We undertook 1,370 fishing vessel inspections, which is above our target. However, due to a reprioritisation of resource, we were able to undertake only 67 domestic passenger ship inspections meaning we missed our target.</p>

<p>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 fishers by 2027 and see a reduction in the 3-year rolling average of fatalities.</p>	<p>31 March 2023</p>	<p>This KPI has not been met.</p> <p>FISG meetings convene to discuss the latest Marine Accident & Investigation Branch (MAIB) safety recommendations and the MCA and industry strategies of promoting behavioural changes within the industry. Despite the numerous actions and interventions of the MCA to encourage and compel safety changes, we have not seen sufficient progress to have confidence that the industry is on a pathway towards achieving the 2027 target it committed to via FISG.</p>
<p>Be the World's Best Performing Flag State</p> <p>We will introduce dynamic digitised processes for seafarers by ...</p>	<p>31 March 2023</p>	<p>This KPI has been met.</p> <p>We went live with the new SMaRT portal on 31 March 2023.</p>
<p>We will deliver an on-line seafarer certification service for customers by....</p>	<p>31 March 2023</p>	<p>This KPI has not been met.</p> <p>A new online seafarer certification service has not been delivered in year. Consideration for a solution would be pursued as part of a broader approach to our digital services.</p>
<p>We will improve our customer satisfaction survey scores by...</p>	<p>31 March 2023</p>	<p>This KPI has been met.</p> <p>Our customer satisfaction score increased to 65%. Last reporting year our customer satisfaction was 64%.</p>
<p>95% of candidates will be offered an exam at an MCA venue within 21 days of a request by ...</p>	<p>31 March 2023</p>	<p>This KPI has been met.</p> <p>Both Engineer and Deck Exam oral exams continue to be conducted remotely. We undertook a total of 4,492 exams - 3,271 Deck exams and 1,221 Engineer exams with year to date 99% candidates being offered an exam within 21 days of request.</p> <p>Last reporting year, we carried out a total of 3,773 exams comprising 2,628 Deck exams and 1,145 Engineer exams.</p>
<p>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</p>	<p>31 March 2023</p>	<p>This KPI has not been met.</p> <p>The average age of 90% of internationally trading ships >500 GT on the UK Ship Register was 14.12 years. Last reporting year the average age was 13.72</p>

than 500 GT (gross tonnage) has an age of 10 years or less.		years.
We will conduct 10 inspections of ports, ferries and cruise ships to ensure compliance with passenger rights conventions by	31 March 2023	This KPI has been met. We undertook 10 domestic passenger rights inspections during the year.
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.	31 December 2022	This KPI has not been met. At the end of the year the UK was placed 19 th on the Paris MoU White-List and therefore was outside of the top quartile. Last year the UK was in 13 th Place. The UK would need to be inside the top 10 to achieve this target.
To meet our international obligations for Port State Control, we will inspect 1,215 ships overall, inspect at least 95% of all Priority I high risk ship arrivals, 90% of all Priority I non-high-risk ship arrivals and at least 50% of all Priority I arrivals calling at UK ports and anchorages by ...	31 December 2022	This KPI has been met. We have achieved the Port State Control target inspecting a total of 1,536 ships against a target of 1,215, a miss rate of 3.57% for Priority I high risk arrivals against a target of <5% miss rate and a miss rate of 7.75% for Priority I non-high-risk ships against a target of <10%. Last reporting year we achieved 1,215 Port State Control inspections.
Be a Progressive Regulator Eliminate the backlog of maritime legislation derived from meeting our international convention obligations and outstanding Marine Accident Investigation Branch (MAIB) recommendations by ...	31 March 2023	This KPI has not been met. This is an ongoing target, there are currently 8 outstanding MAIB recommendations on the Action Plan. 4 of these will be implemented by the end of 2023, 3 will implemented by the end of 2024 with the remaining 1 to be implemented beyond 2024.
External Obligations Parliamentary Questions 100% of Parliamentary Questions will be responded to within 24 hours.	100%	This KPI has been met. We provided a response to 100% (48 of 48) of Parliamentary Questions that we were responsible for answering. Last reporting year our response was also 100% (33 of 33).
Freedom of Information Act At least 93% of Freedom of Information requests will be responded to within 20 working days.	93%	This KPI has not been met. We responded to 81.93% (195 of 238) of Freedom of Information requests within 20 working days. Last year we responded to 98.48% (195 of 198) of requests within 20 working days.

<p>Ministerial Correspondence</p> <p>100% of Member of Parliament Correspondence will be provided with a draft response within 3 working days.</p>	100%	<p>This KPI has been met.</p> <p>We responded to 100% (74 of 74) of Member of Parliament correspondence requests within 3 days. Last reporting year we also responded to 100% (65 of 65).</p>
<p>Official Correspondence</p> <p>At least 80% of Official Correspondence will have a draft response within 20 working days</p>	80%	<p>This KPI has been met.</p> <p>We provided a response to 92% (25 of 27) Official correspondence within 20 working days. Last reporting year we responded to 100% (23 of 23).</p>
<p>Prompt Payment</p> <p>We will pay at least 80% of all invoices within 5 days</p>	80%	<p>This KPI has been met.</p> <p>We paid 88.07% of invoices within 5 working days. Last reporting year 84.18% of invoices were paid within 5 working days.</p>
<p>Greening</p> <p>Meet the Government Fleet Commitment of 25% Ultra-Low Emission Vehicle (ULEV) car fleet by December 2022</p>	25%	<p>This KPI has been met.</p> <p>The introduction of the 19 electronic vehicles alongside the additional 4 Hybrid vehicles by the end of the reporting year means we were able to replace 23 of the oldest and highest polluting diesels. We already had two hybrid vehicles meaning 25 out of our 99 car-based vehicles met the ULEV requirement</p>

Financial Performance Analysis

The MCA is funded through Parliamentary Supply voted to the Department for Transport and the Agency remained within the budgets allocated.

At the end of 2022–23 the Agency had total net assets of £60.7million, comprising total assets of £275.0million and total liabilities of £214.3million. Our non-current assets include property, plant and equipment and intangible assets of £117.7 million, as well as right of use assets of £135.7million primarily made up of Search and Rescue helicopters of £107.8million.

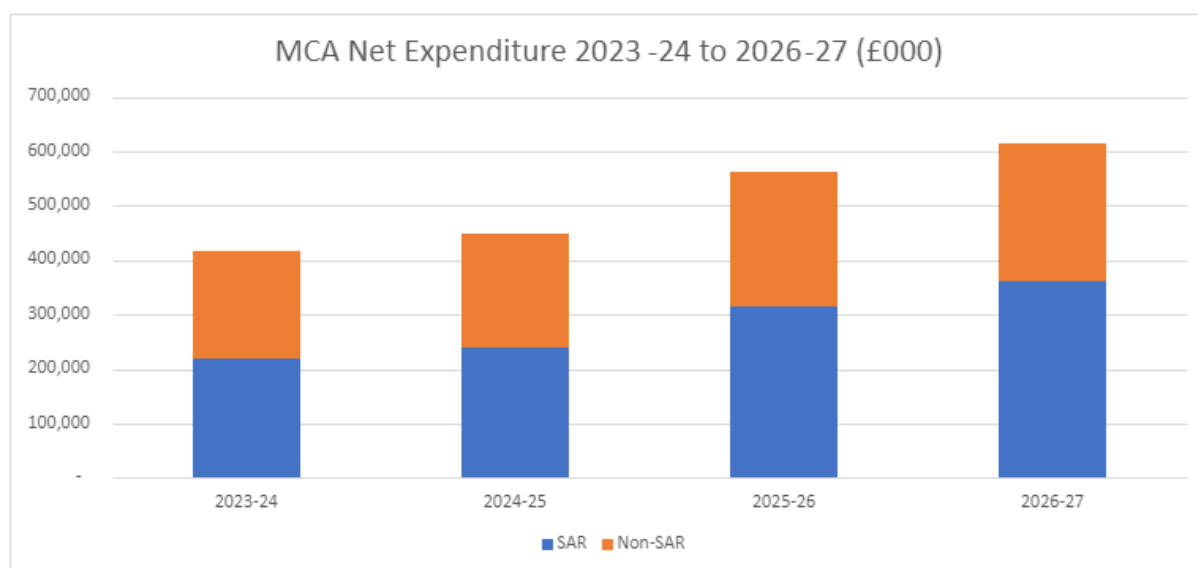
In year our capital expenditure was £32.6million (2021–2022 £29.3million) which includes the requirements under IFRS16 incorporating costs for new leases agreed in year of £15.2million. The budget was mostly spent on our new radio network infrastructure and on new leases for additional aerial surveillance equipment and property lease extensions.

Total operating expenditure has risen by £52.9million to £435.2million (2021–22: £382.3million). The main increases were in Search and Rescue helicopters £5.9million, aerial surveillance and spraying £10.3million and in pollution response £7.5million. A grant in kind of £10.6million transferring the MCA HQ property was also made in 2022-23. Expenditure breakdown is included in Accounts Note 2.

Total income has increased by £1.4million to £17.7million (2021-22: £16.3million) due to higher revenue of £1.1million from statutory services. Income breakdown is included in Accounts Note 3.

MCA Long Term Expenditure Trends

MCA net expenditure includes services under both the current UK SAR Helicopter (SAR-H) contract and the future second-generation Search and Rescue (SAR2G) 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.



Safer Lives – preventing loss of life

Search and Rescue coordination

We provide 24-hour emergency response search and rescue coordination service for the UK Search and Rescue Region. During the year HM Coastguard national network responded to 36,504 incidents, dealing with distress and emergency 999 calls, coordinating and tasking search and rescue partners including lifeboats, helicopters, fixed wing aircraft, coastguard rescue teams, other emergency services as well as ships in the vicinity able to assist. The number of incidents during 2022-23 increased from 36,330 in 2021-22 and 33,580 in 2020-21.

Coastguard Rescue Service

Our Coastguard Rescue Service comprises over 3,500 Volunteers in 308 teams in local communities throughout the coastline 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, mud, and cliff rescue. The volunteers are led 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.

Coastal and water safety

The National Water Safety Forum's Drowning Prevention Strategy aims to halve accidental fatalities by 2026 compared to 2016. Currently, on average 400 people drown in the UK each year in non-commercial incidents, with a further 200 people committing suicide in our waters (according to the Forum's data). We have been working with the Forum to promote a consistent and collaborative approach to water and beach safety. We have provided data to the Forum's Water Incident Database (WaID), working with our partners to understand and reduce water related deaths. The development of Water Incident Database 2 (WaID2) is in the final stages and will further enhance the use of accurate data for devising an effective and up to date drowning prevention strategy and will be an open source for anyone to use. To help reduce incidents, we have also provided Local Authorities and beach owners with data on local incidents to highlight risks in their area.

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 our overall community safety strategy, we continue to work closely with the RNLI. At present we are working with them to devise a plan on how we can extend a joint water safety message to as wide an audience as possible.

As in previous years the numbers of intentional drownings have increased. 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 for both our staff and volunteers.

Setting international shipping standards

Under the International Maritime Organization (IMO) Instrument Implementation Code (III Code) mandatory audit scheme 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. Following the audit of the UK and Red Ensign Group (REG) in October 2021, we are completing the audits of the remaining Category 2 REG states as tasked by the IMO. Our quality objectives as flag, port and coastal States are being enhanced to better promote sustained compliance with international conventions going forward.

Through the Government's Conflict Stability and Security Fund Programme, we continue to provide additional support to the Overseas Territories (OT) to strengthen their capabilities and reduce the UK Government's contingent liability in the event of a maritime incident. We are progressing legislation with the Attorney Generals and Maritime Administrations and finalising a unified standard and delivering a training package for surveyors of small craft. Funding for port waste reception facilities scoping studies, pollution response equipment, navigational risk assessments and training for front line search and rescue and pollution responders further increases 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.

UK Second Generation Search and Rescue Aviation Programme (UKSAR2G)

UKSAR2G is the UK Second-Generation Search and Rescue Aviation programme. It is highly innovative, acknowledges demands on HM Coastguard aviation assets and has evolved to create a service utilising up-to-date technology fit for the next ten years. These services will be provided through a blend of helicopters, fixed wing aircraft and uncrewed aircraft (drones). They will continue to utilise spare capacity to support other Government departments. The contract was awarded to Bristow Helicopters Ltd in July 2022 and will be phased in from September 2024.

Coastguard Aerial Reconnaissance Service

Coastguard reconnaissance planes worked extensively throughout 2022-23. There was a focus on detecting and tracking small boats crossing the English Channel. This activity is in addition to search and rescue elsewhere in the UK, utilising spare capacity to assist other government agencies and departments. Pollution detection and monitoring and the detection of criminal or anticompetitive activity anywhere in

the UK's Exclusive Economic Zone was also conducted to support departments within the MCA.

Radio Network Infrastructure Replacement Programme (RNIR)

The construction and commissioning of digital remote radio sites and network cabling continued through 2022-23 with various contractors working together to connect remote areas of the UK. Several Coastguard remote radio sites have been converted from old analogue technology to modern fibre-based digital technology, improving performance and resilience. This network can also be utilised to connect remote areas of the UK to sustainable internet. Throughout the transition no loss in service has been experienced. The Programme is on track to complete transitioning over to the new network by 2024.

Our public and media presence

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

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:

- 99,400 on Facebook:
- 58,800 and 11,700 on MCA and HMCG Twitter respectively:
- 60,900 on LinkedIn, and
- 13,400 on Instagram

From 1 April 2022 until 31st March 2023, we reached 7.15 million people on Facebook, with 288,140 engagements (engagement rate of 3.86%).

During the summer months (May until September 2022) we launched a water safety campaign with the RNLI, focusing on the Float to Live (FTL) message which gives people safety advice to help them survive if they fall into water, as well as promoting the "call 999 for the Coastguard" message. Advertising was via social media, TV and video on demand and radio. The FTL campaign, generated just under 80 million impacts across all the media with 780 million opportunities to see on print and broadcast media. Spontaneous awareness of floating hit a peak last year with 31% of those questioned saying that they would float to get themselves out of difficulty.

HM Coastguard also launched its own coastal safety campaign, Coast Clever, in October which aimed to help prevent tidal cut offs and warn people about the dangers of mud and cliffs. The campaign was fronted by ex-professional footballer and social media influencer Adebayo Akinfenwa with the aim to get people who live near and/or visit the coast to recognise that complacency around cliffs, tide and mud is dangerous and to enjoy with caution. We are still building on the campaign and phase 2 will launch in summer 2023, but so far indications are good with 8% more

people knowing to ask for the Coastguard if they saw someone in trouble at the cliffs and 2% more claiming to check tide times following the campaign.

The build of the new Coastguard website began in 2022 and was delivered in March 2023.

The Home & Dry campaign website for commercial fishing was updated in November 2022 to provide more safety information and guidance. The update was based on research undertaken with the fishing community.

Safer Ships – improving maritime safety

The UK relies on shipping for about 95% of our imports and exports ¹. 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 MCA undertook extensive stakeholder engagement on an updated Code of Safe Working Practices for Merchant Seafarers, and members of the industry working group as well as a number of other industry representatives have taken part in the redrafting and reformatting of chapters to improve accessibility, particularly for those for whom English is not their first language. The updated Code is currently being prepared for consultation in summer 2023.

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 of the twelve amendments proposed, all of which the UK supported, were adopted, a further two resulted in resolution and two were deferred to the next meeting for further consideration. In December, the MCA took part in the first IMO/ILO Joint Tripartite Working Group on the Human Element which successfully agreed guidelines to port and flag states on dealing with abandoned seafarers.

Our network of MCA approved doctors conducted 47,808 medical examinations to check that seafarers were fit to work at sea, including 1,051 fishers. This is lower than pre-pandemic levels (2019) by 4,054, but 9,241 higher than the low in 2020 and a further increase of 1,674 on last year's figure. Our online medical system was rolled out to doctors during 2022-23. This system delivers improved services for doctors and seafarers with much better control and access to ENG1 medical certificate statistical data.

The MCA worked with the fishing federations to promote medical examinations for fishers in advance of the deadline for all fishers to have a medical fitness certificate

⁶ UK Port Freight Statistics 2020 (DfT)

by November 2023. This is the final element of the UK's implementation of the ILO Work in Fishing Convention, 2007 which the UK ratified in January 2019.

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 and Orders were introduced during the year:

- The Merchant Shipping (Control and Management of Ships' Ballast Water and Sediments) Order 2022;
- The Hovercraft (Application of Enactments) and Merchant Shipping (Prevention of Pollution) (Law of the Sea Convention) Amendment Order 2022;
- The Merchant Shipping (Control and Management of Ships' Ballast Water and Sediments) Regulations 2022;
- The Merchant Shipping (Nuclear Ships) Regulations 2022;
- The Merchant Shipping (Anti-fouling Systems on Ships) Order 2022;
- The Merchant Shipping (High Speed Craft) Regulations 2022;
- The Merchant Shipping (Additional Safety Measures for Bulk Carriers) Regulations 2022;
- The Merchant Shipping (Prevention of Oil Pollution and Prevention of Pollution by Sewage from Ships) (Amendment) Regulations 2022;
- The Merchant Shipping (Safety Standards for Passenger Ships on Domestic Voyages) (Miscellaneous Amendments) Regulations 2022;
- The Merchant Shipping (Standards of Training, Certification and Watchkeeping) Regulations 2022;
- The Merchant Shipping (Cargo and Passenger Ship Construction and Miscellaneous Amendments) Regulations 2023.

We also published the following Codes of Practice:

- The High Speed Offshore Service Craft Code 2022, and
- Code of Safe Working Practices for Merchant Seafarers (COSWP), Amendment 7 2022

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.

Survey and inspection activities are now getting back to pre-pandemic levels. We undertook 3,327 surveys and 2,871 inspections of UK ships and carried out 1,536 Port State Control inspections. We carried out 35 inspections of roll-on roll-off passenger ferries and passenger high speed craft operating between the UK and Europe and found 201 deficiencies requiring corrective action. We completed 1,054 inspections for compliance with the International Marine Pollution Convention's Air Pollution requirements and 20 samples were analysed using the newly procured portable fuel testing equipment.

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.

When necessary we take appropriate and proportionate action. In 2022-23, we investigated 476 new cases and conducted three prosecutions. Other enforcement sanctions are also used.

UK Ship Register & The Red Ensign Group

The MCA continues to support vessels registered on the UK Flag.

During 2022-23, there were 51 new ship registrations (>100 Gross Tonnes) totaling 710k Gross Tonnes (GT). The total tonnage on the Register increased by 3.49% and at the end of March 2023 the UK Flag stood at 10.45 million GT with 1,060 vessels. The UK Flag stood at 22nd largest in the world by tonnage and is the 9th largest in Europe.

Throughout the year, we have focused on improving customer experience through the delivery of self-service registrations for Fishing (Part 2) and Small Ships (Part 3) registrations. In addition, an online portal for the issue of Compulsory Insurance Certificates was introduced supporting our commitment to digital service improvements.

The UK was ranked 19th in the list of top performing Flag States in the Paris Memorandum of Understanding on Port State Control. We are on 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 our commitment to quality and safety.

The British Flag amounts to 37.4 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 proxy audits check that maritime standards are maintained against our collective flag, port and coastal

State obligations. This year, we undertook checks on the Administrations of Jersey, Anguilla, the Falkland Islands and the British Virgin Islands.

The UK Ship Register online reach has continued to grow steadily with a 19% increase in website users compared to last reporting year and a 9% increase in website conversions¹ (which includes Contact Us forms submitted and use of fee calculator and indicator tools). A new website build started in January 2023, and is due to be delivered in Summer 2023.

The UK Ship Register team fully supported and attended the Chamber of Shipping Dinner in February 2023.

The UK Shipping Concierge was announced as a major participant of London International Shipping Week 2023 (LISW). The new service uses the GREAT brand, and its logo will be exposed to thousands of key industry decision makers in the lead up to the event. The event will run in September 2023.

Seafarers

We support UK seafarers by setting training and certification policy and standards, carrying out college course approvals and undertaking examination moderation. We also provide examination and certification services for seafarers of all ranks.

42,000 seafarers currently hold UK Certificates of Competency or Certificates of Equivalent Competency. In 2022-23 we issued 3,067 Notices of Eligibility and 10,843 Certificates of Competency and Certificates of Equivalent Competency/Flag State Endorsements. During the same period, we also issued 643 Boatmasters' Licences

A Transformation Programme has been in progress throughout the year to modernise the Seafarer Operations ways of working and organisation. The aim has been to focus on improving the speed of response and create a platform for digital improvements in 2023-24.

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;
- Fund, manage and deliver the UK Civil Hydrography Programme (CHP), working in partnership with the UK Hydrographic Office, and ensure that UK home waters are adequately surveyed for the safe update of navigational charts and publications;
- Fund, 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;
- 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 National Maritime Information Centre.

Twelve 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 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.

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 (UNCLOS);
- The International Convention for the Prevention of Pollution from Ships (MARPOL);
- 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 His Majesty's 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 425 shipping casualty incidents and 387 pollution reports. In addition, we reviewed and investigated 778 satellite surveillance detections which indicated potential pollution at sea. Alongside the Offshore Petroleum Regulator for Environment and Decommissioning we considered over 1000 Petroleum Operational Notice reports, taking action where necessary.

2022-23 also saw us responding to two significant pollution incidents within UK Waters, one off the East Kent coast and the other close inshore to the Southwest of Plymouth. Both were the result of oil leaking from 1940's wrecks. In the first, national counter pollution resources were deployed offshore in response, with more held at a forward mounting base ashore to counter any threat to shoreline, until the leak was checked. In the second incident the threat was less severe, and the leak checked more quickly.

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 during the reporting year. The Receiver of Wreck also dealt with 81 reports of stranded dolphins, porpoises, whales and sturgeon under the Prerogative for Royal Fishes.

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 is empowered to make 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 more than 30 incidents which required SOSREP involvement. During one of those incidents the SOSREP supported a statutory port authority and many other stakeholders involved in the recovery of a sunken vessel following an incident that had led to the tragic loss of lives. Apart from maintaining the primary functions of ensuring maritime safety and protection of the environment, the SOSREP team continues to support the work carried out in conjunction with other Government departments in relation to wreck, fishing vessels and aquaculture infrastructure.

The review of the IMO Guidelines on places of refuge, coordinated by the SOSREP over the past four years, has been approved by two out of three IMO committees and is now one step closer to being adopted by the IMO Assembly in December 2023. The reviewed document provides practical guidance and support to maritime authorities around the world and to all organisations who may find themselves involved in a maritime incident where a vessel in need of assistance requires a place of refuge.

Our People

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,
- Talent programmes for high potential staff, and
- Apprenticeships at all levels.

MCA is committed to good employee relations and recognises the Public and Commercial Services (PCS) and Prospect unions as representing staff under collective bargaining processes.

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 and employee engagement 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 Agencies breadth of work for our own people and our customers and stakeholders.

To give individuals an opportunity to challenge poor behaviours of all forms (i.e., discrimination, harassment, and victimisation) safely and confidentially, the Speak Up initiative continues to be embedded in the organisation. Individuals who raise concerns through this channel are supported by Human Resources throughout to a resolution.

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

Health and Safety

Management Arrangements

We continue to realign and refine our Health and Safety (H&S) policies, plans and arrangements to support a reduction in bureaucracy and simplify their use whilst maintaining compliance with the Health and Safety Executive (HSE) HS(G)65. 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 introduction of a Health and Safety Steering Group to replace the National Health and Safety Committee in 2021-22 has been effective in shaping the development and progress of strategic H&S programmes. This has been supported by several cross – functional working groups focused on specific health and safety topics including a H&S Working Group, Road Risk Management Working Group, Wellbeing Protection and Prevention Group and Occupational Health Stakeholder Group. The working groups focus on the tactical delivery of strategic aims and objectives. The working groups generally meet monthly and comprise representatives from the Directorates, volunteer Coastguard Rescue Service and trade unions.

The performance of the Agency's safety management system continues to be measured via internal and external audits, the analysis of accidents and near misses, and of sickness absences. Significant changes in performance are reported to the MCA Board, Executive Management Team and Directorate Senior Leadership Teams and actions are identified and implemented to mitigate risks identified to an acceptable level. A new H&S incident reporting systems has been purchased with an improved action tracking capability and this has been configured ready for implementation in Quarter 1 of 2023.

A Government Internal Audit Agency (GIAA) H&S audit was requested by the MCA Board to look at the H&S strategic direction and plans. There were no non-conformances identified and the final report included positive commentary regarding the approach being taken and the satisfactory closure of the recommendations proposed.

Occupational Health & Safety

Further work is being focused on improvements in developing and improving the approach and tools available for occupational health and wellbeing including pressure and stress management. We have added support tools covering personal wellbeing, the management of pressure and prevention of work-related stress and have provided improved support for those experiencing trauma as a result of the work activities we are responsible for.

We have begun working with our new Occupational Health service provider and have updated our Occupational Health Standards resulting in an improved provision

of occupational health across the Agency. Further work has been identified to look at adding mental health resilience checks and improved fitness standards.

During the year we have completed a number of Organisational Stress Risk Assessments by engaging with staff and management in workshops to establish what stressors are present and identify what existing and future programmes will help to reduce them.

Improvements from last year's plans

The agreed three-year H&S strategic improvement plan, linked to the MCA cultural change programme, continues to be progressed and developed. Other achievements included:

- Delivery of Basic Health and Safety induction training for HM Coastguard (HMCG) and UK Maritime Services (UKMS) Directorates new starters/foundation course.
- Launching a Behavioural Safety Network to support the plans for rolling out the next phases of the H&S cultural change programme. This included the provision of the Institution of Occupational Safety & Health (IOSH) Behavioural Science for Leading Safety training to all the network members.
- Improved Health and Safety monthly reports were implemented.
- Engagement with the DfT procurement team regarding the forthcoming Total Facilities Management (TFM) contract renewal process to ensure MCA Health and Safety needs are represented.
- Establishing and supporting the HMCG specific elements of the road risk management programme.
- Engagement with the Estates Team to review the effectiveness of the TFM programme in the timely delivery of H&S specific actions raised.
- The procurement, configuration and testing of the new EVOTIX incident reporting systems ready for launch in Quarter 1 of 2023.
- Engagement with the Internal Audit team to insert specific H&S topics into the annual audit programme.
- Repeating the Safety Climate Survey originally completed in 2021 with results showing an increase in responses from 291 to 665 and an improvement in all response categories of between 5% and 15%.

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. Further induction training specific to the UKMS and HMCG Directorates has been developed and delivered to allow the specific requirements and risks of these Directorates is catered for. Civil Service required learning for all staff also includes health and safety requirements including fire safety and manual handling training if required.

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.

MCA's Sustainability Strategy is aligned with Department for Transport (DfT) departmental objectives. Performance on agreed targets is reported via the DfT on a quarterly basis.

Mitigating Climate Change – Working towards Net Zero

We are committed to achieving the targets set out within the Greening Government Commitments (GGC) Agenda 2021-25;

<https://www.gov.uk/Government/publications/greening-Government-commitments-2021-to-2025/greening-Government-commitments-2021-to-2025>

Government Vehicles

We recognise the Government's aspiration to ensure all central Government vehicles have zero emissions by 2027 and will explore all options available for acquiring zero emission vehicles to meet the Government's target. The MCA has now achieved the 25% element of this target, which was set for completion by 31 December 2022. The MCA will continue to assess available vehicles against the search and rescue capabilities we require. This activity will form part of the data return in relation to overall GGC performance.

Flights

In line with the Greening Government Commitments Framework, the Agency has a specific target to reduce domestic flights against the 2017-2018 baseline. Flights have begun to increase following the restrictions placed upon travel during the coronavirus pandemic being lifted. Given the nature of the MCA estate which includes multiple island locations - domestic flights remain the only viable option for some essential operational business travel. However, the emerging figures are in line with target levels and MCA promotes the use of online meetings rather than non-essential travel.

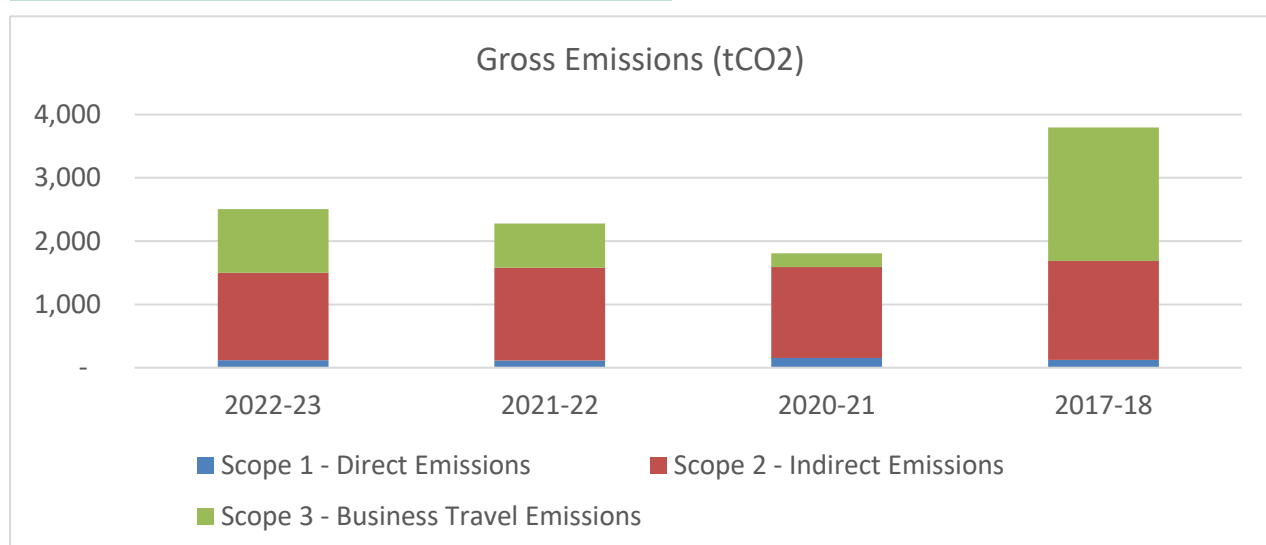
Energy

The MCA's estate comprises of just under 500 sites which are located across the entire UK, including many Highland and Island locations and many are in very remote locations. The diverse nature of the estate means that properties vary in size, age, condition, and location. There are short and long-term plans to achieve the required target reductions. MCA's plan is to deliver a more efficient, effective and sustainable estate by removing the demand for onsite fossil fuel consumption and reducing electricity consumption. With targeted measures on renewable energy, building on the use of solar panels at both Spring Place HQ and Dover and a wider promotion of efficiency measures.

Our Performance to Date

Performance in relation to MCA's specific sustainability targets is presented below. 2020-21 was impacted by coronavirus pandemic restrictions, and the subsequent increase is due to staff returning to offices and more travel for face-to-face business.

		Achieved 2022-23	Achieved 2021-22	Achieved 2020-21	Baseline 2017-18
Gross Emissions (tonnes CO2)	Scope 1 - Direct Emissions	118	115	153	124
	Scope 2 - Indirect Emissions	1,384	1,465	1,437	1,561
	Scope 3 - Business Travel Emissions	1,004	696	218	2,112
	Total Emissions	2,506	2,276	1,808	3,797
Related Energy Consumption (kWh)	Oil	289,589	255,349	373,473	263,596
	Gas	1,972,686	2,026,698	2,231,941	2,388,403
	Electricity	7,159,759	7,575,048	7,432,830	8,072,597
Related Business Travel (miles)	Non-fleet Road Travel	945,044	683,427	449,638	1,118,267
	Domestic Flights	806,010	814,188	156,558	1,875,491
	Medium Haul Flights	470,993	49,954	10,619	1,232,445
	Long Haul Flights	1,595,711	913,988	141,866	2,391,692
	Rail Travel	393,234	336,967	83,263	1,063,130
Finite Resources	Water use (m3)	15,786	10,797	7,5810	14,690
	Paper use (reams)	1,571	2,177	1,300	4,419
Waste	HQ waste (tonnes)	38	23	38	59



The table below represents the gross expenditure during 2021-22 and 2022-23 for usage of energy and water, and waste management.

Financial Indicators	2022-23	2021-22
	£	£
Electricity	1,513,382	1,332,244
Natural Gas	137,873	115,005
Water and Sewage	102,335	136,456
Waste Management and Disposal	112,607	70,733

Minimising Waste and Promoting Resource Efficiency

Waste

Currently data is only available on waste from MCA's HQ. MCA is planning to develop an Agency Waste Strategy and Waste Management Plan over the next year and will look to gather additional data, to drive effective management, and compliance on waste management processes. Waste and recycling costs for 2022-23 totaled £112,607, an increase from £70,733 in 2021-22. The increase is attributable to a combination of greater demand following the pandemic, and an increase in contracted rates for waste management. The MCA is on track to meet the 15% target set out within the GGC framework. The MCA will continue to monitor this via quarterly performance reporting.

Paper Use

The Agency paper consumption continues is in line with set targets, as 2022-23 saw a 50% (2,177 reams) reduction of paper use against the baseline. This does represent an increase on our usage compared to 2020-21. Whilst we aim to further reduce the use of paper, the fluctuations are representative of the impact of the coronavirus pandemic and use of printing facilities within offices. MCA's aim is to eliminate the use of all virgin paper (paper that contains no recycled content) by end of 2023. In addition, the MCA will continue to promote efficiency in printing where it proves necessary such as double-sided printing as standard.

Single Use Plastic

MCA has reduced unnecessary single use plastics wherever possible across the estate. In line with its commitments this has included all consumer plastics such as disposable plastic cups and cutlery, the Agency continues to monitor its supply chains and will continue to identify and implement alternative material solutions wherever it proves viable to do so.

Finite Resource Consumption

MCA 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. We have undertaken a water audit at several sites where water consumption has been validated and identified as high, to ensure early leak detection. Given the nature of our estate in terms of geographic challenge it is imperative that early warning measures, such as water consumption validation and ongoing monitoring, continue to form an integral part of our ongoing utility monitoring procedures.

Water demand across the estate varies based on operational requirements, however MCA remains confident of achieving the necessary reduction by 2025 against the baseline. The increased water consumption during 2022-23 was due to the increased use of office space

following the pandemic and delayed billing. This is expected to stabilise next year.

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. We have taken part in the consultation for the next round of reporting.

Sustainable Procurement

MCA recognises the significant impact that our procurement decisions have on sustainability outcomes and is committed to ensuring that our supply chain supports our sustainable development goals.

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 and all major contracts include metrics on Social Value.

We are working toward the targets in the Government Greening Commitments (GGC), 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
- Introducing Social Value Champions to promote social value outcomes and to support the evaluation process for this criteria
- Embedding of 10% mandatory social value weighing into all procurement activity including KPI reporting requirements, for all high value/high risk contracts

Actively engaging with suppliers and MCA business units to promote continuous improvement in sustainability performance throughout the term of a contract.

Reducing environmental impacts from IT and Digital Equipment

The MCA disposes of redundant IT equipment under a 'zero' landfill agreement. There were 10 collections from our business-as-usual provider amounting to 2,646 items recovered by the contractor for recycling, reclamation or reuse. The table below provides further detail.

Waste Type	2022-23 tonnes	2021-22 tonnes
Waste electronic and electrical equipment containing hazardous components: Recycled	6.3	3.5
Waste electronic and electrical equipment reused	8.5	1.1
Batteries Mixed: 200133	0.1	0.0
Monitors – Disposed	0.2	1.2
Monitors – Reused	0.5	0.0
Total Tonnes	15.6	5.8

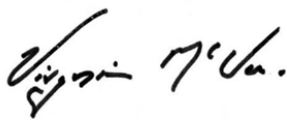
The increased amount of IT waste has resulted from planned upgrade projects and replacement of equipment and operating environments. This trend is not expected to continue into next year.

Work is ongoing to replace legacy systems and hardware and migrate more services into the

Cloud or Crown Hosting data centres, reducing the technical estate hosted on MCA premises. The MCA continues to use technology to support hybrid working, reducing emissions from the daily commute where appropriate.

Nature Recovery and Biodiversity Action Planning

MCA does not currently have Nature Recovery Plans in place, but development of these has been incorporated into longer term estates planning. There is a commitment to have a full Nature Recovery Plan in place by 2025 in line with agreed targets, and the MCA continues to monitor opportunities to maintain and improve biodiversity wherever viable. Any risks associated with Nature Recovery and biodiversity will be further identified, measured, and monitored through the development of an Environmental Management System (EMS) planned for 2023-24.



Virginia McVea
Chief Executive

14 July 2023

Accountability Report

Corporate Governance Report

Directors Report

The Maritime & Coastguard Agency Board's role and relationship with other management groups are set out in the Governance Statement (see page 47). The composition of the Board, including advisory and non-executive members, during the year is shown below:

Christopher Rodrigues, the **Non-Executive Chairman** from 1 April 2022 to 31 March 2023.

Brian Johnson, the **Chief Executive**, from 1 April to 14 October 2022 the Agency's Accounting Officer and responsible for Risk Management and Maritime Governance, Improvement and Assurance.

Damien Oliver, the **Commercial and Programmes Director** from 1 April to 14 October 2022. His key responsibilities were the Senior Responsible Owner for the major aviation and coastguard radio network Infrastructure programmes and, until 30 September 2022, management and leadership of the procurement function. From 15 October 2022 to 31 March 2023, he was **Interim 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** becoming the

Director of People, Safety and Communications on 1 October 2022. His key responsibilities were Human Resources, Learning and Development, Estates Infrastructure, Health & Safety and, from 1 October 2022, Communications. The Estates infrastructure responsibility transferred to the Director of Finance, Compliance & Estates from 1 October 2022.

Chloe Bowes, the **Director of Finance and Audit**. Her key responsibilities were Finance, Fraud & Whistleblowing, Shared Services and Internal Audit & Assurance. From 1 October 2022 she took responsibility for Procurement, Estates and UK Maritime Regulatory Compliance and Investigations, and became **Director of Finance, Compliance and Estates**.

Richard Wilson, the **Head of the Office of the Chairman and Chief Executive** between the 1 April 2022 and 28 November 2022. His key responsibilities were Corporate Governance, Strategic Planning, Performance Management and, until 30 September 2022, Communications and UK Maritime Regulatory Compliance and Investigations. He was also the Senior Information Risk Owner (SIRO).

Jonny Lloyd Davidson, the **Head of the Office of the Chairman and Chief Executive** between 29 November 2022 and 31 March 2023. His key responsibilities were Corporate Governance, Strategic Planning and Performance Management. He was also the Senior Information Risk Owner (SIRO).

The **Non-Executive Directors** were **Noel Shanahan**, **Nigel Pusey** and, from 22 August 2022, **Sarah Davies**. **Noel Shanahan** 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: **John Connell** in April 2022 and June 2022, and **David Whyte** in September 2022, October 2022 and February 2023.

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 Johnson's departure and so is endorsed 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 2022 to 31 March 2023. 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 2022-23 Business Plan are captured elsewhere in the Annual Report & Accounts.

Agency Management

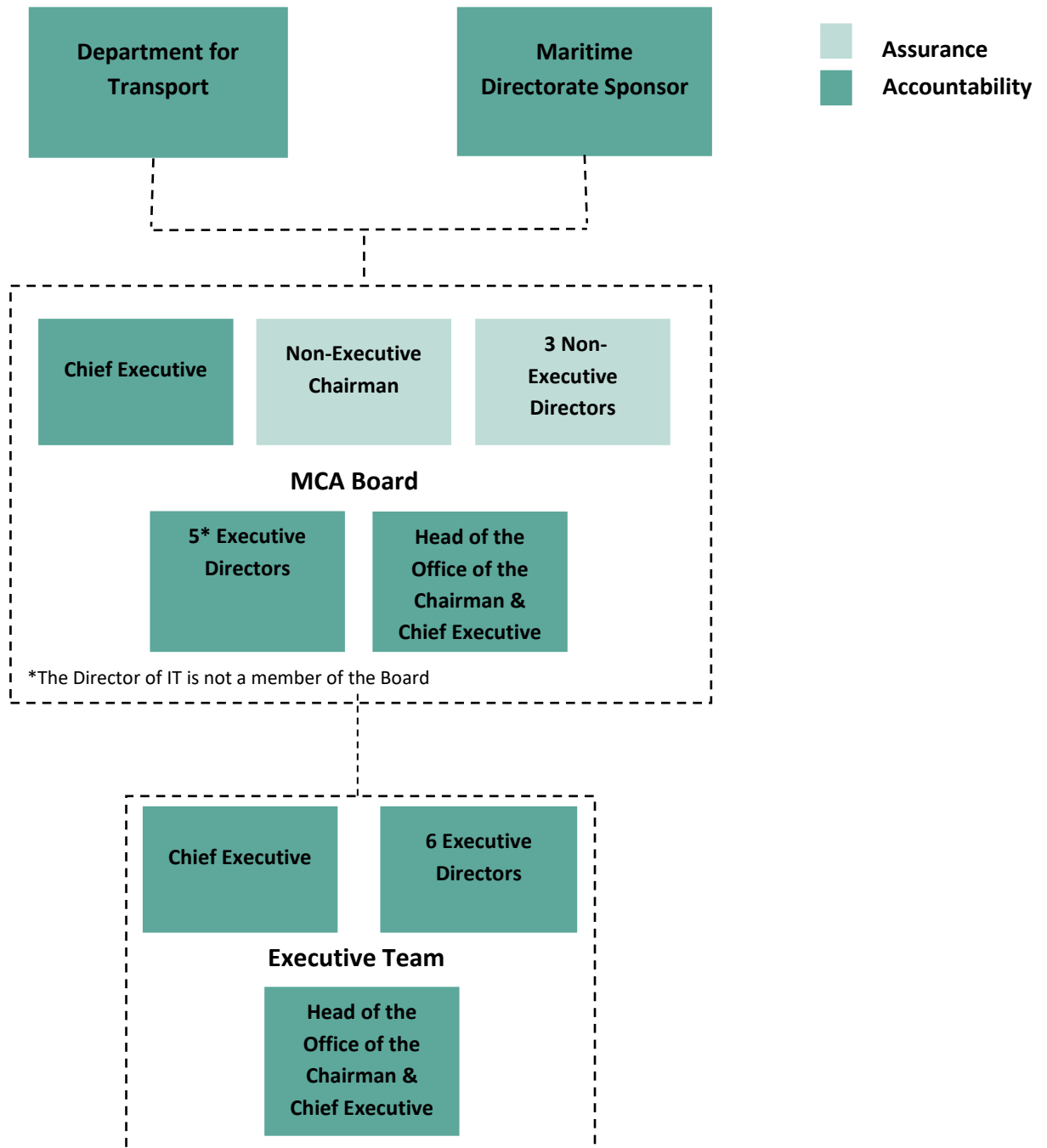
The Agency's governance framework is designed to comply with the guidance laid down in HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice 2017. An external Governance review of compliance against the Code was not conducted within this reporting period.

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 (attended/available)
Christopher Rodrigues	Non-Executive Chairman	6/6
Noel Shanahan	Non-Executive Director	6/6
Nigel Pusey	Non-Executive Director	6/6
Sarah Davies	Non-Executive Director	4/4
Brian Johnson	Chief Executive	4/4
Damien Oliver	Commercial and Programmes Director and Interim Chief Executive	6/6
Katy Ware	Director of UK Maritime Services	5/6
Claire Hughes	Director of HM Coastguard	5/6
Richard Wilson	Head of the Office of the Chairman and Chief Executive	4/4
Jonny Lloyd Davidson	Head of the Office of the Chairman and Chief Executive	2/2
Chloe Bowes	Director of Finance, Compliance and Estates	6/6
Matthew Briggs	Director of People, Safety and Communications	5/6
John Connell	DfT Maritime Sponsorship	2/2
David Whyte	DfT Maritime Sponsorship	4/4

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 2022-23

At the end of 2022-23, 9 risks were being actively managed on the corporate risk register. These included risks associated with small boat crossings of the English Channel, the loss of critical Coastguard systems and impacts on them from a cyber-attack or other event causing loss of business systems which are detailed in the Priority Concerns section below.

Other key risks were:

- **Not enough focus on safety behaviours resulting in potential for serious accidents to occur** – the behavioural safety programme has advanced with work plans in place in key areas and continued focus on embedding safety behaviours across the Agency.

- **The replacement Enterprise Resource Planning (ERP) system does not meet MCA needs or deliver anticipated business benefits** – The replacement system will now be provided under the Unity SAP Cluster. Replanning of the original Future of Shared Service Programme has yielded a positive result for MCA requirements but the extension to the timeline has placed additional requirements on current service provision.
- **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 can access necessary resource. Progress is being made but the risk remains current.
- **Delays to the RNIR Programme** – The potential for transfer to new infrastructures being incomplete prior to cessation of the existing services posing a risk to HMCG communications. Circumstances outside Agency have caused delays to the Programme. Actions have been taken to secure continuation of service and contractual levers pulled to move the Programme towards completion. The effect of these and progress of the Programme continues to be monitored.
- **Funding pressures** – the global economic climate and associated rise in inflation have added to budgetary pressures. Prioritisation and negotiations have been undertaken to ensure the Agency is able to continue core functions within its budget settlement for 2023-24, with the finer details being negotiated and agreed in April 2023.
- **HMCG recruitment and retention** – challenges to the recruitment and retention of talented people to manage operational demands have highlighted the need to put additional measures in place to provide adequate resources. These measures have been deployed and progress against mitigation efforts is being monitored.

Priority Concerns in 2022-23

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 managed in five 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** – similarly to the risk above but recognising the difference in impact, this risk is managed separately. The Agency is continually reviewing and updating risk mitigations to provide assurance on risk minimisation.

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, Compliance & Estates, 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 2022-23 was as follows:

Committee Member	Number of meetings attended
Noel Shanahan (Chair of ARAC)	5/5
Nigel Pusey	3/5
Sarah Davies	1/3

Sarah Davies commenced her Non-Executive Director role on 22 August 2023; her existing commitments meant that she was able to attend one of three available meetings. Likewise, Nigel Pusey’s other commitments prevented full attendance this year. This led to the Committee not achieving quoracy for one meeting; the attendees, agreed that the Chair could conduct this meeting in the absence of a quorum, as a consequence decisions were not made.

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 Audit and Assurance

Our Quality Management System (QMS) was externally certified by Lloyd's Register Quality Assurance Limited (LRQA) 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.

The Agency's annual Internal Quality Audit Programme supports its continuing certification to ISO 9001:2015. The 2022-23 audit plan was effectively delivered throughout the year. Due to changes in circumstances, one audit (Coastguard Technical training) was deferred to 2023-24 and two audits were cancelled. Seventeen audits were undertaken during the year by the MCA's Internal Audit and Assurance Team. These audits resulted in 3 'audit opinions' of 'limited', 11 'moderate' and 3 'substantial'. This compares to 3 'limited', 10 'moderate' and 3 'substantial' for the 2022-23 audit programme.

The MCA's ISO9001:2015 certification body, LRQA Ltd, conducted a 'surveillance' audit in Oct-Nov 2022. The audit was successful with LRQA commenting *'Maritime and Coastguard Agency were very proactive in sharing information and clear commitment to continuous improvement was seen throughout the areas visited. As a result, ongoing Certification against ISO9001:2015 is recommended'*.

MCA's Internal Audit service is provided by the Government Internal Audit Agency (GIAA), an Executive Agency of HM Treasury. GIAA operates 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.

Thirteen GIAA engagements were conducted during 2022-23. At the time of writing, two audit reports have yet to be finalised, (RNIR provisionally providing 'moderate' assurance, and Key IT Controls provisionally providing 'limited' assurance). A third engagement was an advisory review, providing no formal assurance. Of the ten completed assurance reviews, seven provided 'moderate' assurance, and three provided 'substantial' assurance.

The GIAA Head of Internal Audit's annual opinion provides 'moderate' assurance

regarding the overall adequacy and effectiveness of corporate governance, risk management and internal control arrangements at the MCA in 2022-2023. This opinion is the same as for 2021-2022. Auditors noted the Agency's commitment to improvement of control and to consistency, highlighting the governance framework and risk management as worthy areas of focus for continual improvement.

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.

Health and Safety

The MCA Health and Safety (H&S) Team continue to work closely with internal and external stakeholders including the DfT to develop and refine its Health and Safety policies, plans and arrangements for the improvement in safety culture across the Agency.

The introduction of a Health and Safety Steering Group to replace the National Health and Safety Committee has been effective in shaping the development and progress of strategic H&S programmes. This has been supported by several cross functional working groups focused on specific health and safety topics including a H&S Working Group, Road Risk Management Working Group, Wellbeing Protection and Prevention Group and Occupational Health Stakeholder Group. The working groups focus on the tactical delivery of strategic aims and objectives. The working groups generally meet monthly and comprise representatives from the Directorates, volunteer Coastguard Rescue Service and trade unions.

A monthly Health & Safety report is circulated and reviewed at the HM Coastguard's Senior Officers Group, Survey and Inspection National Management Group, Directorate Management Boards with the Assistant Director Health and Safety attending the Executive Team and Agency Board meetings to ensure clarification of key issues arising. In addition, Health & Safety is an item at all team management meetings. The coronavirus pandemic operational and tactical meetings have been significantly reduced in frequency as the issues has been absorbed into a business-as-usual approach. Systems have been adopted to continue to monitor infections such as coronavirus, Norovirus and influenza to ensure proactive responses should the risk to health and operational capability become elevated. The Agency continues to provide sanitisers and encourages continuing high standards of personal hygiene at work.

The performance of the Agency's safety management system continues to be measured via internal and external 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 being taken in a timely manner dependent on the associated risk. A new H&S incident reporting systems has been purchased with an improved

action tracking capability and this has been configured ready for implementation in Quarter 1 of 2023.

The Health & Safety team are active members of DfT and its Safety Forum, working with departmental colleagues to lead on new and common Health & Safety initiatives, including the chairing a working group for the development of a central DfT strategy and approach to behavioural safety.

The agreed three-year H&S strategic improvement plan, linked to the MCA cultural change programme, continues to be progressed and developed. Other achievements included:

- Delivery of Basic Health and Safety induction training for HMCG and UKMS new starters/foundation course,
- Launching a Behavioural Safety Network to support the plans for rolling out the next phases of the H&S cultural change programme. This included the provision of the IOSH Behavioural Science for Leading Safety training to all the network members,
- Improved Health & Safety monthly reports were implemented,
- Engagement with the DfT procurement team regarding the forthcoming Total Facilities Management (TFM) contract renewal process to ensure MCA H&S needs are represented,
- Establishing and supporting the HMCG specific elements of the road risk management programme,
- Engagement with the Estates Team to review the effectiveness of the TFM programme in the timely delivery of H&S specific actions raised,
- The procurement, configuration and testing of the new EVOTIX incident reporting systems ready for launch in Quarter 1 of 2023,
- Engagement with the IA team to insert specific H&S topics into the annual audit programme, and
- Repeating the Safety Climate Survey originally completed in 2021 with results showing an increase in responses from 291 to 665 and an improvement in all response categories of between 5% and 15%.

Overall serious injury performance for staff and volunteers under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) has improved from 12 in 2021-22 to 6 in 2022-23, 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 incident and near miss summaries are discussed at headquarters and local management meetings.

A Government Internal Audit Agency (GIAA) H&S audit was requested by the Board to look at the H&S strategic direction and plans. There were no non-conformances identified and the final report stated positive commentary regarding the approach being taken and satisfactory closure of the recommendations proposed.

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 completed an exercise to test our ability to respond to a Cyber related incident, using the National Cyber Security Centre (NCSC) exercise in a box toolset. The outcomes are being assessed and will impact upon investment strategy for additional Information Security tooling.

The MCA were affected by changes to the appointments in the Senior Information Risk Owner (SIRO) and Data Protection Manager (DPM) roles. Following the departure of the existing DPM there has been a gap which has been filled with support provided by DfT, to ensure our compliance with mandated data protection requirements contained within the General Data Protection Regulation, the Data Protection Act 2018 and compliance with the Freedom of Information Act (Fol). The SIRO has also moved Fol coordination activity into the Office of the Chairman & Chief Executive.

To support the person fulfilling the SIRO role, the MCA delivered additional training to 30 Information Asset Owners and Asset Managers during the year, utilising a third party to provide clarity around the obligations of an Information Asset Owner. This includes ownership and reviews of Memorandums of Understanding and/or Data Sharing Agreements, to ensure the MCA and/or partner data is controlled appropriately.

Privacy Impact Assessments are carried out in all instances where personal data is being processed. Where new systems are proposed, early engagement should be carried out prior to the procurement stage, to agree specific data governance and security requirements. Data Protection Impact assessments are undertaken and reviewed when major changes are implemented on systems.

The MCA has engaged with DfT to understand the changes taking place to National Security Vetting levels. These were expected to be introduced in Quarter 4 of 2022, although the guidance has not yet been finalised and published. Once available, we

will deliver a programme of training to our hiring managers, to understand their obligations to review role profiles and take appropriate action to ensure the correct level of assurance is being provided at the point of recruitment, to manage the threat of Insider risk.

During the reporting period, the Agency has progressed a suite of programmes to decommission legacy equipment and systems, to reduce the risk of exposure to data loss and/or leakage.

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 43 incidents investigated during the year. One data breach was referred to the ICO in April 2023 who, on review, was satisfied that the Agency's actions were mitigated and no further action was required. Some recommendations were made which are being implemented

Management Assurance

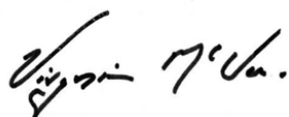
The information reported in the Management Assurance exercise was scrutinised by the Audit and Risk Assurance Committee which agreed the overall assessment of 'substantial' against the controls assessed.

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.

Signatory

The MCA Board operated throughout the year under direction of The Chair supported by the Non-Executive Directors. An assessment of the effectiveness of the Board was carried out using the National Audit Office Board Evaluation Questionnaire. Based on this exposure to the Agency, and having received management and other assurances, the Audit & Risk Assurance Committee, comprising of the Non-Executive Directors, has approved the content of this Governance Statement and endorses the opinion of the Head of Government Internal Audit and Assurance.

I commenced my term of office as the Chief Executive of the MCA on 3 April 2023. I met with Brian Johnson, the previous Chief Executive who was in post until the 14 October 2022, and Damien Oliver, who was the Interim Chief Executive between 15 October 2022 and 2 April 2023. These meetings provided me with assurance of the governance and control environment enabling me to be confident in signing this Annual Report and Accounts.



Virginia McVea
Chief Executive

14 July 2023

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. Executive Team members or regular attendees) of the Agency:

Single total figure of remuneration

Executive Team members ²	2022-23					2021-22				
	Salary (£000)	Bonus payments (£000)	Benefits in kind (to nearest £100)	Pension benefits ³ (£)	Total benefits (£000)	Salary (£000)	Bonus payments (£000)	Benefits in kind (to nearest £100)	Pension benefits (£)	Total benefits (£000)
Brian Johnson ⁴ Chief Executive	80-85	-	1,300	29,000	110-115	130-135	5-10	1,600	52,000	195-200
(Full year equivalent)	150-155	-	-	-	-	-	-	-	-	-
Damien Oliver ⁵ Director / Interim Chief Executive	85-90	5-10	-	47,000	140-145	70-75	5-10	-	19,000	95-100
Katy Ware Director	90-95	15-20 ⁶	8,500	4,000	120-125	85-90	20-25	2,000	18,000	130-135
Claire Hughes Director	90-95	5-10	-	12,000	105-110	85-90	5-10	-	23,000	115-120
Chloe Bowes Director	95-100	-	-	49,000	145-150	95-100	-	-	38,000	130-135
Matthew Briggs Director	70-75	0-5	-	-17,000	55-60	20-25	0-5	-	14,000	35-40
(Full year equivalent)	-	-	-	-	-	70-75	0-5	-	43,000	115-120
Steve Mulcahy ⁷ Director	85-90	5-10	-	32,000	125-130	15-20	0-5	-	5,000	20-25
(Full Year Equivalent)	-	-	-	-	-	80-85	-	-	-	-
Matthew Reynolds ⁸ Director	-	-	-	-	-	110-115	-	-	43,000	155-160
(Full Year Equivalent)	-	-	-	-	-	120-125	-	-	-	-
Neil Grant ⁹ Director	35-40	0-5	-	2,000	40-45	-	-	-	-	-
(Full Year Equivalent)	75-80	-	-	-	-	-	-	-	-	-
Jonny Lloyd Davidson ¹⁰ OCCE	20-25	-	-	8,000	30-35	-	-	-	-	-
(Full Year Equivalent)	65-70	-	-	-	-	-	-	-	-	-

² Virginia McVea not included in remuneration table as she was not in post for the 2022/23 accounting year.

³ 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.

⁴ Salary figure for 2022-23 for Brian Johnson includes compensation for untaken Annual Leave. Brian Johnson left the MCA on the 14 October 2022

⁵ Salary figure for 2022-23 for Damien Oliver includes compensation for untaken Annual Leave. Damien Oliver became Interim Chief Executive effective the 15 October 2022. Damien Full Year Equivalent salary as Director would have been 80-85 and 15-20 for Bonus Payments. As Interim Chief Executive his Full Year Equivalent salary would have been 95-100.

⁶ Bonus figure 2022-23 for Katy Ware includes a Pivotal Pay Allowance.

⁷ Steve Mulcahy was promoted to Director of Information Technology effective 20 July 2022

⁸ Matthew Reynolds left the MCA on 09 March 2022

⁹ Neil Grant became a member of the Executive Team effective the 15 October 2022. Neil has remained on the Department for Transport Central payroll for the secondment.

¹⁰ Jonny Lloyd Davidson joined the MCA and became a member of the Executive Team effective the 29 November 2022

Richard Wilson ¹¹ <i>OCCE</i>	55-60	0-5	-	-30,000	25-30	65-70	-	-	9,000	75-80
(Full Year Equivalent)	65-70	-	-	-	-	-	-	-	-	-

Single total figure of remuneration (continued)

<i>Non-Executive board members</i>	2022-23			2021-22		
	Salary (£000)	Benefits in kind (to nearest £100)	Total benefits (£000)	Salary (£000)	Benefits in kind (to nearest £100)	Total benefits (£000)
Christopher Rodrigues ¹² <i>Non-Executive Chair</i>	20-25	0	20-25	25-30	-	25-30
Noel Shanahan <i>Non-Executive Director</i>	15-20	300	15-20	15-20	-	15-20
Nigel Pusey <i>Non-Executive Director</i>	10-15	1,800	10-15	15-20	1,300	15-20
Sarah Davies ¹³ <i>Non-Executive Director</i>	0-5	0	0-5	-	-	-
(Full year equivalent)	0-5	0	0-5	-	-	-

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 2022-23 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

¹¹ Richard Wilson ceased being Head of the Office of the Chair & Chief Executive effective the 28 November 2022, though remained part of the Executive Team until leaving the MCA on 03 February 2023

¹² Salary figures for Christopher Rodrigues in 2022-23 include payments made in 2023-24 but were for activities undertaken in 2022-23.

¹³ Sarah Davies joined the MCA on the 22 August 2022

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.

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 31/03/23 and related lump sum	Real increase in pension and related lump sum at pension age ¹⁴	Cash Equivalent Transfer Values (CETV) ¹⁵		Real increase in CETV
			At 31/03/23	At 31/03/22	
			£000	£000	
Brian Johnson <i>Chief Executive</i>	10-15	0-2.5	196	161	21
Damien Oliver <i>Director / Interim Chief Executive</i>	30-35	2.5-5	353	296	21
Katy Ware <i>Director</i>	35-40	0-2.5	562	510	-8
Claire Hughes <i>Director</i>	30-35 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	464	416	-1
Chloe Bowes <i>Director</i>	15-20	2.5-5	163	131	19
Matthew Briggs <i>Director</i>	35-40	0	604	561	-23
Steve Mulcahy ¹⁶ <i>Director</i>	0-5	0-2.5	50	25	18
Matthew Reynolds <i>Director</i>	-	-	-	71	-
Neil Grant <i>Director</i>	25 – 30 plus a lump sum of 45-50	0 – 2.5	379	368	-3
Jonny Lloyd Davidson <i>Head of the Office of the Chairman & Chief Executive</i>	10-15	0-2.5	138	134	3
Richard Wilson <i>Head of the Office of the Chairman & Chief Executive</i>	30-35 plus a lump sum of 85-	0 plus a lump sum of 0	770	740	-37

¹⁴ Values are rounded to the nearest thousand, with a minimum of zero. Any real increases less than £500 will show as zero.

¹⁵ Taking account of inflation, the CETV funded by the employer for some has decreased in real terms.

¹⁶ The figure as at 31/03/22 has been restated based on information provided by MyCSP

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CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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.

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.

Civil Service Pensions

Pension benefits are provided through the Civil Service Pensions. In 2015 the government introduced reforms to public service pensions. Most public sector workers were moved into reformed career average pension schemes and for the Civil Service this was into the scheme known as alpha.

In 2018, the Court of Appeal found that the rules put in place in 2015 to protect older workers by allowing them to remain in their original scheme were discriminatory on the basis of age. As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. Some active members will have seen changes from April 2022.

The remedy is made up of two parts. The first part was completed last year with all active members now being members of alpha from 1 April 2022, this provides equal treatment for all active pension scheme members. The second part is to put right, 'remedy,' the discrimination that has happened between 2015 and 2022. Civil Service Pensions are currently working on new scheme regulations and processes in readiness for this.

From 1 April 2015 a new pension scheme for civil servants was introduced – 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 had 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.

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 alpha. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.32% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. 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).

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

Fair Pay Disclosures (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest paid executive board member in the Agency, at the end of the financial year 2022-23, was £115,000-120,000 (2021-22 £140,000-145,000). This decrease in remuneration was due to a change in personnel. This was 3.30 times (2021-22, 4.11) the median remuneration of the workforce, which was £35,663 (2021-22 £34,688). The increase in median remuneration in 2022-23 was due to the growth in workforce at higher grades, to enable delivery of key objectives in specialist areas. This, along with the change in highest paid director, has resulted in a decrease in ratio from 4.11 to 3.30.

In 2022-23, remuneration ranged from £15,000-20,000 to £115,000-120,000 (2021-22: £15,000-20,000 to £140,000-145,000). 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.

A change in personnel meant the highest-paid director salary and allowances saw a decrease by 30% in financial year 2022-23 (2021-22: 0%). Financial year 2022-23 saw a 124% increase in performance and bonus payments made to the highest-paid director due to a change in personnel (2021-22: 0%).

Financial year 2022-23 for all employees (excluding the highest-paid director) saw a slight increase in average salary and allowances by 3.03%, with performance and bonus pay increasing by 5.7% in comparison to the previous year. The 2022 Pay

Award meant eligible employees received between 2% and 3.66% overall increase, with over 55% receiving a 3% or higher increase in basic pay. This, along with the need to bring in skills and knowledge into 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:

	2022-23			2021-22		
	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	4.18:1	3.29:1	2.6:1	5.26:1	4.11:1	3.26:1
Total Pay and Benefits Value	(117,500/28,087):1	(117,500/35,663):1	(117,500/45,208):1	(142,500/27,091):1	(142,500/34,688):1	(142,500/43,757):1
Salary Ratio	3.43:1	2.92:1	2.25:1	5.07:1	4.31:1	3.27:1
Salary Value	(92,500/26,962):1	(92,500/31,663):1	(92,500/41,128):1	(132,500/26,126):1	(132,500/30,734):1	(132,500/40,482):1

Financial year 2022-23 saw an increase in Median Pay for Total Pay and Benefits, and in Salary. The increase in the Median Pay for Salary is attributable to the Pay Award which equated to between 2 and 3.66% for eligible employees. 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 for Total Pay and Benefits.

The reduction in median salary ratio is attributable to the Highest-Paid Director for 2022-23 being lower than 2021-22, the Pay Award, and the need to bring in specialist higher grades to deliver business objectives. 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 salary ratio.

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 (<http://www.civilservice.gov.uk/pensions>).

For 2022-23, employer contributions of £11,234,296 were payable to the PCSPS (2021-22: £11,049,349) at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands (2021-22: 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 2022-23 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 £106,567 (2021-22: £113,653) 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 (2021-22: None).

Contributions due to the partnership pension providers at the balance sheet date were £12,073 (2021-22: £14,391). Contributions prepaid at that date were £Nil.

Expenditure on consultancy and temporary staff

During 2022-23, the MCA employed consultancy delivered by businesses and temporary staff.

Consultancy is the provision of objective advice relating to strategy, structure, management or operations of an organisation in pursuit of its purposes and objectives. Such advice is provided outside the business-as-usual' environment when inhouse skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions. The primary usage within the MCA is for large scale projects such as Great British Maritime Economy (GBME) and UK Search and Rescue Second Generation (UKSAR2G).

Expenditure on consultancy (£)	2022-23
Great British Maritime Economy	685,991
UKSAR2G	417,216
Concierge Service Project	57,647
Other	66,345
Total	1,227,199

Temporary staff costs are incurred when staff are brought in to supplement the existing workforce, this is to address short term resourcing needs or to bring in temporary staff for specialist skills.

Expenditure on temporary staff by Directorate (£)	2022-23
Commercial and Programmes	135,052
His Majesty's Coastguard	32,204
Information & Technology	369,245
Maritime Services	1,302,032
Finance, Compliance and Estates	146,342
People, Safety and Communications	134,282
Total	2,119,157

Off-payroll engagements

All off-payroll engagements were subject to a risk-based assessment to determine whether the activity undertaken was deemed to be a “resource” or a contracted out service and whether any tax and national insurance contributions were correctly paid. During 2022-23 enhancements were made to the engagement process for activities that were off payroll.

The number of off-payroll engagements for IR35 assessments under off-payroll legislation as required by Chapter 10 Income Tax (Earnings and Pensions) Act 2003 are reported in the following tables.

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

	2022-23
Total number of existing engagements as of 31 March 2023	
Number of engagements which at time of reporting have existed for:	
Less than one year	5
Between one and two years	1
Between two and three years	1
Between three and four years	3
Four or more years	0

Temporary off-payroll appointments engaged at any point during the year ended March 2023 and earning at least £245 per day:

	2022-23
Number of off-payroll workers engaged at any point during the year ended 31 March 2023	18
Number of engagements to which the off-payroll legislation does not apply	2
Number of engagements to which the off-payroll legislation does apply:	
Number of which were determined as being in scope of IR35	12
Number of which were determined as being out of scope of IR35	4
Number of off-payroll workers engagements which:	
Were reassessed for compliance or assurance purposes during the year	1
Saw a change to IR35 status following review	1

Temporary off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023:

	2022-23
Number of off-payroll engagements of board members, and/or, senior official with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed “board members and/or senior officials with significant financial responsibility,” during the financial year. This figure should include both on payroll and off-payroll engagements.	14

During the financial year, there were no off-payroll engagements of board members and/ or senior officials with significant financial responsibility. A robust engagement process was instigated in year to review and challenge the need for off-payroll engagements with hiring managers considering alternative resourcing options prior to approval of off-payroll engagements.

Two engagements were reassessed for consistency and compliance purposes, resulting in two changes to the initial determination status; this has resulted in a disclosure being made to HMRC and the balance owed has been accrued in 2022-23.

Staff costs (audited)

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

	Permanently employed staff £000	Other employed staff £000	Agency/ Temporary staff £000	2022-23 £000	2021-22 £000
Wages and salaries	45,448	1,425	2,119	48,992	48,532
Social security costs	5,108	148	-	5,256	4,824
Other pension costs	10,994	344	-	11,338	11,137
Total net costs	61,550	1,917	2,119	65,586	64,493
Staff costs expensed				65,357	64,341
Staff costs capitalised				229	152

Staff numbers (audited)

Average number of full-time equivalent persons employed during the years ending 31 March were:

	Permanently employed staff	Others	31 March 2023	31 March 2022
Direct service delivery and support	904	27	931	946
Corporate support	219	14	233	235
Board members	8	-	8	8
Directly employed	1,131	41	1,172	1,189
Others – temporary	-	38	38	14
Total	1,131	79	1,210	1,203

There was 1 early retirement in the year caused by ill health (2021-22: 1). 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 2023 were:

	Male	Female	2022-23
Senior Civil Service – Band 2	1	-	1
Senior Civil Service – Band 1	2	5	7
Other Board Members	2	-	2
Board members and Senior Civil Service	5	5	10
All other employees	742	434	1,176
Total	747	439	1,186

Sickness absence data

	2022-23	2021-22
Working days taken as sickness absence	7,342	7,651
Average number of days lost per employee per year	6.26	6.43

The 2021-22 data has been restated to reflect the actual position once all sickness absence returns were recorded.

Staff turnover

The overall employee turnover rate for the year ending 31 March 2023 was 18.68%.

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	2022-23
Number of employees who were relevant union officials during the relevant period	19
Full-time equivalent employee number	1,172
Percentage of time spent on facility time	1-50%
1-50%	1-50%
Percentage of pay bill spent on facility time	0.01%
Total cost of facility time	£8,737
Total pay bill	£65,357,432.10
Percentage of the total pay bill spent on facility time	0.01%
Paid trade union activities	0%
Time spent on paid trade union activities as a percentage of total paid facility time hours (no paid activities in year)	0%

Exit packages (audited)

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
<£10,000	-	-	2	5	2	5
£10,000 - £25,000	-	-	-	6	-	6
£25,000 - £50,000	-	-	1	3	1	3
£50,000 - £100,000	-	-	3	-	3	-
£100,000 - £150,000	-	-	-	-	-	-
Total number of exit packages	-	-	6	14	6	14
Total resource cost (£)	-	-	296,325	229,734	296,325	229,734

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.

Diversity and Inclusion

The Agency continues to embed the MCA Way as a foundation for 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. The agency has seen a 6% increase in employees from an ethnic minority background, though recruiting a socio-demographic workforce remains barrier for the Agency, especially in some of the remote coastal locations. To remove this barrier, we are using data and analytics to better understand the socio-demographic constraints in those locations and ensuring that language used in job adverts is inclusive. The Agency has continued to create an equal opportunities culture, with financial year 2022-23 seeing an increase of 6% in females in Senior Management roles (Senior Executive Officer and higher).

With due regard to the public sector equality duty, recruitment champions continue to be appointed to represent the Agency as independents on assessment boards, having all received in-depth awareness workshops on ensuring equality of opportunity for all applicants. The Agency has a range of Networks setup across the organisation that work collaboratively to share knowledge and experiences across all protected characteristics, including;

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

The LGBTQ+ Network continues to ensure that LGBTQ+ staff feel safe, supported, and listened to. Creating an open and honest place to discuss LGBTQ+ experiences that embodies the culture of openness and quality within the MCA. Making real and tangible changes in the workplace to enable individuals from the LGBTQ+ community to succeed and excel in the MCA.

Parliamentary accountability disclosures

Parliamentary Accountability Disclosures (Audited)

Regularity of Expenditure

Losses and Special Payments

Losses incurred in 2022-23 were £650 only. (2021–22 £857,193). The Agency made no special payments exceeding £300,000 in 2022–23 (2021–22: One).

Contingent Liabilities & Remote Contingent Liabilities

There were no contingent liabilities or remote contingent liabilities in year. (2021-22 nil)

Fees and Charges

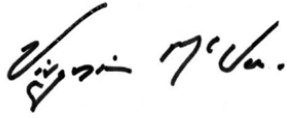
The Agency is required to disclose performance results for the areas of its activities where fees and charges income is received for the provision of statutory services. The analysis is not intended to meet the requirements of IFRS 8 (Operating Segments).

	2022-23			2021-22 (restated)		
	Income £000	Expense £000	Net £000	Income £000	Expense £000	Net £000
Statutory Services						
Marine surveys	5,604	4,454	1,150	4,414	3,505	909
Registration of ships	1,689	1,013	676	998	996	2
Seafarers' examinations and certification	1,534	2,476	(942)	2,492	2,089	403
Other statutory services	230	317	(87)	66	99	(33)
Total	9,057	8,260	797	7,970	6,689	1,281

A new fees and charges cost methodology has been used to allocate costs in 2022-23 and expenses for 2021-22 have been restated from £8,501,000 to £6,689,000 to ensure consistency of approach in the prior year. Income for 2022-23 includes prior year adjustments.

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 associated expenditure and excludes the allocation of indirect overheads to activity.

A handwritten signature in black ink, appearing to read 'Virginia McVea'.

Virginia McVea
Chief Executive

14 July 2023

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 2023 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 2023;
- 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 2023 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 and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 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 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 requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which 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 and my auditor's certificate thereon. 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.

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 Reports.

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

- 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
- I have not received all of the information and explanations I require for my audit; 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Maritime and Coastguard Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; 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 Maritime and Coastguard Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Maritime and Coastguard Agency's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of 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 the Maritime and Coastguard Agency's compliance with the Government Resources and Accounts Act 2000, Managing Public Money, tax legislation, employment law and the relevant statutes pertaining to the delivery of services.
- inquired of management, the Maritime and Coastguard Agency's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team and the relevant internal specialists, including IT auditors 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: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and significant or unusual transactions. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Maritime and Coastguard Agency's framework of authority and other legal and regulatory frameworks in which the Maritime and Coastguard Agency operates. I focused 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, tax legislation and the relevant statutes pertaining to the delivery of services.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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 risks of fraud 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 expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

18 July 2023

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 2023

		2022-23	2021-22
	Note	£000	£000
Revenue from contracts with customers	[3]	(14,477)	(13,747)
Other income	[3]	(3,238)	(2,561)
Total income		(17,715)	(16,308)
Staff costs	[2]	65,357	64,341
Purchase of goods and services	[2]	299,080	257,463
Grant in kind	[2]	10,550	-
Depreciation and impairment charges	[2]	60,870	59,290
Net provision expense	[2]	(648)	1,473
Other operating expenditure	[2]	32	(314)
Total operating expenditure		435,241	382,253
Net operating expenditure for the year		417,526	365,945
Finance expense	[12]	3,155	4,117
Net expenditure for the year		420,681	370,062
Other comprehensive net expenditure			
Items which will not be reclassified to net operating expenditure:			
Net (gain)/loss on:			
Revaluation of property, plant and equipment		(3,086)	(1,784)
Revaluation of intangible assets		(237)	(568)
Revaluation of right of use assets		(97)	(275)
Revaluation of inventories		(754)	(1,324)
Total net revaluation (gains) and losses		(4,174)	(3,951)
Comprehensive net expenditure for the year		416,507	366,111

The notes on pages 91 to 113 form part of these accounts.

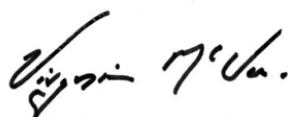
Statement of Financial Position

As at 31 March 2023

	Note	31 March 2023		31 March 2022	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	[5]	101,584		103,231	
Right of use assets	[6]	135,739		167,520	
Intangible assets	[7]	16,078		17,509	
Inventories	[8]	6,988		6,330	
Trade and other receivables	[9]	116		71	
Total non-current assets			260,505		294,661
Current assets					
Trade and other receivables	[9]	12,908		10,901	
Cash	[10]	1,576		4,826	
Total current assets			14,484		15,727
Total assets			274,989		310,388
Current liabilities					
Trade and other payables	[11]	(68,655)		(63,426)	
Lease liabilities	[12]	(51,232)		(48,153)	
Provisions	[13]	(1,070)		(999)	
Total current liabilities			(120,957)		(112,578)
Total assets less current liabilities			154,032		197,810
Non-current liabilities					
Lease liabilities	[12]	(90,925)		(126,242)	
Provisions	[13]	(2,402)		(3,245)	
Total non-current liabilities			(93,327)		(129,487)
Total assets less total liabilities			60,705		68,323
Taxpayers' equity and reserves					
General fund		42,576		53,305	
Revaluation reserve		18,129		15,018	
Total equity and reserves			60,705		68,323

The notes on pages 91 to 113 form part of these accounts.

Virginia McVea
Chief Executive



14 July 2023

Statement of Cash Flows

For the year ended 31 March 2023

	Note	2022-23 £000	2021-22 £000
Cash flows from operating activities			
Net operating expenditure for the year		(417,527)	(365,945)
Adjustments for non-cash transactions		70,539	60,320
(Increase)/decrease in inventories	[8]	(658)	(1,324)
less movements in inventories relating to items not passing through the Statement of Comprehensive Net Expenditure		754	1,324
(Increase)/decrease in trade & other receivables	[9]	(2,052)	(938)
less movements in trade and other receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		(49)	95
Increase/(decrease) in trade and other liabilities	[11]	5,229	11,273
less movements in trade and other liabilities relating to items not passing through the Statement of Comprehensive Net Expenditure		(1,715)	(14,818)
Interest paid on lease liabilities	[12]	(3,155)	(4,117)
Use of provisions	[13]	(75)	(73)
Net cash outflow from operating activities		(348,709)	(314,203)
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,584)	(26,300)
(add)/less movements in capital accruals		2,653	15,304
Purchase of intangible assets		(1,790)	(1,790)
(add)/less movements in capital accruals		(939)	(484)
Proceeds of disposals of property, plant and equipment		103	550
Net cash outflow from investing activities		(15,557)	(12,720)
Cash flows from financing activities			
From the Consolidated fund (Supply)		408,800	376,000
Repayment of lease liability principals	[12]	(47,784)	(46,082)
Net financing		361,016	329,918
Net (decrease)/increase in cash and cash equivalents in the period		(3,250)	2,995
Cash and cash equivalents at the beginning of the period	[10]	4,826	1,831
Cash and cash equivalents at the end of the period	[10]	1,576	4,826

The notes on pages 91 to 113 form part of these accounts.

Statement of Changes in Taxpayers' Equity

As at 31 March 2023

	Note	General Reserve £000	Revaluation Reserve £000	Total Reserves £000
Balance at 1 April 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)	-
Right of use catch up		-	-	-
Changes in taxpayers' equity for 2021-22		6,681	3,298	9,979
Balance at 31 March 2022		53,305	15,018	68,323
Net Parliamentary Funding		408,800	-	408,800
Non-cash charges: auditor's remuneration	[2]	105	-	105
Net expenditure for the year		(420,681)	-	(420,681)
Revaluation gains and (losses)		-	4,174	4,174
Transfers between reserves		1,063	(1,063)	-
Right of use catch up		(16)	-	(16)
Changes in taxpayers' equity for 2022-23		(10,729)	3,111	(7,618)
Balance at 31 March 2023		42,576	18,129	60,705

The notes on pages 91 to 113 form part of these 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 2022-23 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 2022 to 31 March 2023 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 stated that the standard would 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 became effective in the UK for accounting periods for accounting periods commencing on, or after, 1 January 2023. Adoption in central government has been deferred and not expected to be incorporated into the Finance Reporting Manual (FReM) until April 2025. 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 2023. 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 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 remeasured 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 the SAR2G contract as having no impact on the 2022-23 accounts as the costs of the bases, falling under IFRIC12, can not be measured reliably and there is a lack of certainty around economic benefit. For the aircraft assets, falling under IFRS16, these will be accounted for on their respective service commencement dates.

The Agency considers that the cost model is a reasonable proxy for leased asset values as all of its leases, except peppercorn leases, are at market value and, where relevant, subject to regular rent review. The Agency signed a twenty-five-year lease agreement for our Headquarters office. In accordance with IFRS 16, the lease length of five years is accounted for, as both the Lessor and the Lessee have the right to break on each fifth anniversary.

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 continues to be used.

2. Operating Expenditure

2.1 Staff Costs

	2022-23		2021-22	
	£000	£000	£000	£000
Wages and salaries	46,644		45,748	
Agency staff	2,119		2,632	
Wages and salaries – total	48,763		48,380	
Social security costs	5,256		4,824	
Other pension costs	11,338		11,137	
		65,357		64,341

2.2 Purchase of Goods and Services

	2022-23		2021-22	
	£000	£000	£000	£000
Purchase of goods and services – cash items				
UK SAR helicopter service	172,637		166,690	
Aerial surveillance & spraying	23,224		12,925	
Support for maritime training	16,998		12,119	
Civil hydrography & navigation safety	6,635		7,621	
Information technology and telecommunications	25,989		22,400	
Accommodation	13,490		10,992	
Pollution response and emergency towing vessels	10,863		3,396	
Coastguard volunteers	4,501		4,519	
Subscriptions to IMO and other international bodies	1,338		1,366	
Staffing, travel and subsistence	7,700		4,972	
Administration and professional	10,173		5,227	
Service and technical advice	5,427		5,146	
Sub-total: cash items	298,975		257,373	
Purchase of goods and services - non-cash items				
Auditors' remuneration and expenses	105		90	
Purchase of goods and services		299,080		257,463

2.3 Grants

	2022-23		2021-22	
	£000	£000	£000	£000
Grants in kind	10,550		-	
		10,550		-

2.4 Depreciation and Impairment Charges

	2022-23		2021-22	
	£000	£000	£000	£000
Depreciation – owned assets	9,938		9,190	
Depreciation – right of use assets	47,777		46,904	
Amortisation – owned assets	3,635		2,953	
Impairment	-		787	
Net revaluation (gains)/losses	(480)		(544)	
		60,870		59,290

2.5 Provision Expenses

	2022-23		2021-22	
	£000	£000	£000	£000
Provisions provided in year (net)	(675)		1,578	
Unwinding of discount on provisions	(22)		(10)	
Impairment (gains)/losses – trade receivables	49		(95)	
		(648)		1,473

2.6 Other Operating Expenditure

	2022-23		2021-22	
	£000	£000	£000	£000
Loss/(profit) on disposal of non-current assets	30		(314)	
Loss/(gain) on re-measurement of right-of-use assets	2		-	
		32		(314)

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:

	2022-23	2021-22
	£000	£000
SAR-H contract costs		
UK SAR Helicopter service	172,637	166,690
Purchases of goods and services	172,637	166,690
Depreciation – right of use assets	39,708	41,227
Operating expenditure	212,345	207,917
Finance expense	2,632	3,578
Search and rescue helicopters	214,977	211,495

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, aeroplanes and uncrewed aircraft (drones).

The existing SAR-H contract will phase out in 2024-25 through to 2025-26 as the UKSAR2G contract comes online throughout that period.

Services to the shipping industry

Total shipping industry support and services expenditure was £23,633,000 (2021-22: £19,740,000).

The Agency operates the Support for Maritime Training Scheme (SMarT) for maritime officer trainees. The Agency provided funding after costs in 2022-23 of £16,998,000 (2021-22: £12,119,000).

The Agency provided further services to the shipping industry as required by Merchant Shipping Acts and international conventions costing £6,635,000 in 2022-23 (2021-22: £7,621,000). 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 purchases of goods and services

Administration and professional expenditure includes items such as consultancy, legal and audit fees.

Service and technical advice expenditure includes items such as Coastguard equipment and maintenance, technical advice and shipwreck monitoring.

Grant in kind

The ownership of MCA's headquarters property in Southampton has been

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 began to pay rent to occupy the building. This transfer took place one year later than had previously been expected.

3. Income

	2022-23	2021-22
	£000	£000
Statutory services	9,057	7,970
Operational services	3,196	3,609
Other services	797	791
Other income (costs recharged)	1,427	1,377
Total revenue from contracts with customers	14,477	13,747
Other receipts	3,238	2,561
Total other income	3,238	2,561
Total Income	17,715	16,308

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.

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	3,167	5,645	245	9,057
Operational Services	-	-	3,196	3,196
Other Services	-	797	-	797
Other Income	-	-	1,427	1,427
Total Revenue	3,167	6,442	4,868	14,477

4. Operating Segments

It is not necessary for the Agency to provide segmental reporting under IFRS 8 because it operates as a single entity. Analyses of income and expenditure for key activities are provided in Notes 2 and 3. An analysis of assets and liabilities by activity is not provided since these are not reported internally.

5. Property, Plant and Equipment

	Land	Buildings	Information technology	Transport equipment	Other equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
2022-23							
Cost or Valuation							
As at 1 April 2022	7,373	37,680	53,095	17,378	18,807	25,130	159,463
Additions	-	1,589	7,124	1,138	3,018	2,715	15,584
Disposals	(8)	(451)	(7,918)	(549)	-	-	(8,926)
Transfers	(3,165)	(7,385)	-	-	-	-	(10,550)
Reclassification	-	220	(649)	49	756	(1,589)	(1,213)
Revaluation	(881)	(2,009)	3,917	1,013	3,345	-	5,385
As at 31 March 2023	3,319	29,644	55,569	19,029	25,926	26,256	159,743
<i>Fully depreciated</i>	-	1,584	7,065	6,079	1,861	-	16,589
Depreciation							
As at 1 April 2022	-	6,276	31,888	9,940	8,128	-	56,232
Charged in year	-	1,419	4,670	1,324	2,531	-	9,944
Disposals	-	(326)	(7,918)	(549)	-	-	(8,793)
Reclassification	-	-	(1,042)	-	-	-	(1,042)
Revaluation	-	(2,370)	2,028	587	1,573	-	1,818
As at 31 March 2023	-	4,999	29,626	11,302	12,232	-	58,159
Net Book Value							
As at 1 April 2022	7,373	31,404	21,207	7,438	10,679	25,130	103,231
As at 31 March 2023	3,319	24,645	25,943	7,727	13,694	26,256	101,584

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 work on the Agency's new radio network infrastructure at £24,626,000.

On 1 April 2022, the MCA transferred its HQ property in Southampton by grant in kind (£10.6million) to the Government Property Agency and then began to lease the property which it has retained as a right of use asset.

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 specialised buildings which have been revalued since 1 April 2022 using a building construction cost index.

Analysis of net book value of buildings	31 March 2023	31 March 2022
	£000	£000
Freehold buildings	15,274	22,639
Buildings on leased land and improvements on properties occupied under:		
Leases more than 50 years	2,514	2,431
Leases less than 50 years	6,856	6,334
Total buildings	24,644	31,404

Property, Plant and Equipment (continued)

2021-22	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 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
Revaluation	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
Charged in year	-	1,608	4,163	1,363	2,056	-	9,190
Disposals	-	(13)	(3,356)	(1,219)	-	-	(4,588)
Reclassification	-	-	59	-	-	-	59
Revaluation	-	(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

6. Right of Use Assets

2022-23	Search & Rescue Helicopters	Surveillance Aircraft	Emergency Towing Vessel	Land & Buildings	Total
<i>Valuation</i>	£000	£000	£000	£000	£000
As at 1 April 2022	267,698	7,469	7,012	19,326	301,505
Additions	-	6,835	-	8,357	15,192
De-recognition	-	(1,553)	-	(486)	(2,039)
Revaluation	-	-	-	18	18
Remeasurement	(726)	117	950	367	708
As at 31 March 2023	266,972	12,868	7,962	27,582	315,384
<i>Depreciation</i>					
As at 1 April 2022	119,498	3,644	5,591	5,252	133,985
Charged in year	39,707	3,358	1,896	2,816	47,777
De-recognition	-	(1,553)	-	(486)	(2,039)
Revaluation	-	-	-	(78)	(78)
As at 31 March 2023	159,205	5,449	7,487	7,504	179,645
<i>Net Book Value</i>					
As at 1 April 2022	148,200	3,825	1,421	14,074	167,520
As at 31 March 2023	107,767	7,419	475	20,078	135,739

2021-22	Search & Rescue Helicopters	Surveillance Aircraft	Emergency Towing Vessel	Land & Buildings	Total
<i>Valuation</i>	£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
<i>Depreciation</i>					
As at 1 April 2021	84,716	2,024	3,708	3,553	94,001
Charged 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
<i>Net Book Value</i>					
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

7. Intangible Assets

2022-23	Software developmen ts	Software licences	Intellectual property rights	Under developmen t	Total
	£000	£000	£000	£000	£000
Cost					
As at 1 April 2022	18,253	1,057	8,160	1,734	29,204
Additions	986	111		693	1,790
Reclassification	2,214	84		(1,085)	1,213
Revaluation	508	30	-	-	538
As at 31 March 2023	21,961	1,282	8,160	1,342	32,745
<i>Fully amortised</i>	1,770	51	-	-	1,821
Amortisation					
As at 1 April 2022	8,243	641	2,811	-	11,695
Charged in year	2,630	176	823	-	3,629
Reclassification	1,042	-	-	-	1,042
Revaluation	281	20	-	-	301
As at 31 March 2023	12,196	837	3,634	-	16,667
Net book value at 1 April 2022	10,010	416	5,349	1,734	17,509
Net book value at 31 March 2023	9,765	445	4,526	1,342	16,078

The most significant assets by value reported are intellectual property rights valued at £4,526,000 and software assets for UK Ship Registration valued at £2,509,000 and for the Channel Navigation Information Service valued at £1,230,000. Assets under development include new aviation command and control software valued at £869,000.

2021-22	Software developments	Software licences	Intellectual property rights	Under developments	Total
	£000	£000	£000	£000	£000
Cost					
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

8. Inventories

	31 March 2023	31 March 2022
	£000	£000
Stockpile goods		
Balance at 1 April	6,330	5,006
Stocktake corrections	(187)	-
Purchases	29	-
Write down (loss of efficacy)	(90)	-
Net gain/(loss) on revaluation	906	1,324
Balance at 31 March	6,988	6,330

9. Trade Receivables and Other Assets

	31 March 2023 £000	31 March 2022 £000
Amounts falling due within one year		
Trade receivables	1,937	2,029
VAT receivables	1,978	1,922
Other receivables	359	546
Prepayments	7,500	5,002
Accrued income	1,134	1,402
Total current	12,908	10,901
Amounts falling due after more than one year		
Other receivables	116	71
Total non-current	116	71
Total current and non-current	13,024	10,972

10. Cash

	2022-23 £000	2021-22 £000
Balance at 1 April	4,826	1,831
Net change in cash balances	(3,250)	2,995
Balance at 31 March	1,576	4,826

The following balances were held at:

	31 March 2023 £000	31 March 2022 £000
Government Banking Service	1,576	4,826
Total balances at 31 March	1,576	4,826

11. Trade Payables and Other Liabilities

	31 March 2023 £000	31 March 2022 £000
Amounts falling due within one year		
Trade payables	4,214	1,778
Other payables	1,208	1,182
Accruals	56,992	54,889
Deferred income	6,241	5,577
Total current	68,655	63,426

12. Lease Liabilities

2022-23	Search & Rescue Helicopters	Surveillance Aircraft	Emergency Towing Vessel	Land & Buildings	Total
	£000	£000	£000	£000	£000
As at 1 April 2022	156,155	4,255	1,583	12,402	174,395
Additions	-	6,834	-	8,342	15,176
Interest	2,632	234	7	282	3,155
Payments	(42,081)	(4,091)	(1,907)	(2,859)	(50,938)
Remeasurement	(1,057)	116	950	360	369
As at 31 March 2023	115,649	7,348	633	18,527	142,157
Current portion	43,653	4,165	633	2,781	51,232
Non-current portion	71,996	3,183	-	15,746	90,925
As at 31 March 2023	115,649	7,348	633	18,527	142,157

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

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

Obligations under Leases

2022-23	Search & Rescue Helicopters	Surveillance Aircraft	Emergency Towing Vessel	Land & Buildings	Total
	£000	£000	£000	£000	£000
Obligations					
Not later than one year	45,461	4,311	636	2,916	53,324
Later than one year and not later than five years	73,507	3,217	-	10,676	87,400
Later than five years	-	-	-	12,318	12,318
Less Interest	(3,319)	(180)	(3)	(7,383)	(10,885)
Present value of obligations	115,649	7,348	633	18,527	142,157

UK Second Generation Search and Rescue Aviation Programme (UKSAR2G)

The Agency awarded the SAR2G contract in July 2022 and will be phased in from September 2024 through to 2026. The Agency is committed to future lease cashflows of £349,400,000 under this contract.

Lease Charges within Statement of Comprehensive Net Expenditure

	2022-23	2021-22
	£000	£000
Expense relating to VAT	9,455	9,512

Cash Outflow for Leases

	2022-23	2021-22
	£000	£000
Total Cash outflow for leases	50,939	50,199

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

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

13. Provisions for Liabilities and Charges

	Leasehold dilapidations	Other	Total
	£000	£000	£000
As at 1 April 2022	3,836	408	4,244
Provided in the year	815	312	1,127
Not required written back	(1,625)	(177)	(1,802)
Utilised during year	-	(75)	(75)
Unwinding of discount	(22)	-	(22)
Balance at 31 March 2023	3,004	468	3,472
Current liability	602	468	1,070
Non-current liability	2,402	-	2,402
Balance at 31 March 2023	3,004	468	3,472

Analysis of expected timing of discounted cash flows:

	Leasehold dilapidations	Other	Total
	£000	£000	£000
Within 1 year	602	468	1,070
2-5 years	1,165	-	1,165
6-10 years	693	-	693
Over 10 years	544	-	544
Balance at 31 March 2023	3,004	468	3,472

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 £243,000 expected to be called within 50 years, £226,000 after more than 50 years and £75,000 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.

14. Capital Commitments

	31 March 2023	31 March 2022
	£000	£000
Property, plant and equipment	17,292	24,849
Intangible assets	2	650
Total	17,294	25,499

The Radio Network Infrastructure Replacement programme accounts for £16,936,000 of the capital commitment in property, plant and equipment.

15. Other Financial Commitments

The MCA has entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements). The payments to which the Agency is committed and which have not been provided for in these accounts are as follows:

	31 March 2023	31 March 2022
	£000	£000
Not later than one year	155,947	154,492
Later than one year and not later than five years	736,836	438,075
Later than five years	1,344,402	25,777
Total	2,237,185	618,344

The Search and Rescue Second Generation Helicopter (SAR2G) contract accounts for £1,780,000,000 of the total. The remainder includes contracts for operational communications (radio networks, mast, transmitters), managed IT services and occupational health services.

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 2022-23, the MCA did not recover any costs from claims made against owners of vessels (2021-22: £17,798).

17. 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 of £408.8 million between the MCA and the DfT for Net Parliamentary Supply as per the Statement of Changes in Taxpayers' Equity, and minor transactions with other entities for which the DfT is regarded as the parent department. In addition, the MCA had transactions with the Ministry of Defence, the Royal Navy, Met Office, Government Property Agency, Government Legal Department and the Cabinet Office.

During the year no Board member, key manager or other related party have undertaken any transactions with the MCA. Compensation paid to senior management is disclosed in the remuneration report.

18. 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. The majority of 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.

19. Events After the Reporting Period

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



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