



Maritime and Coastguard Agency

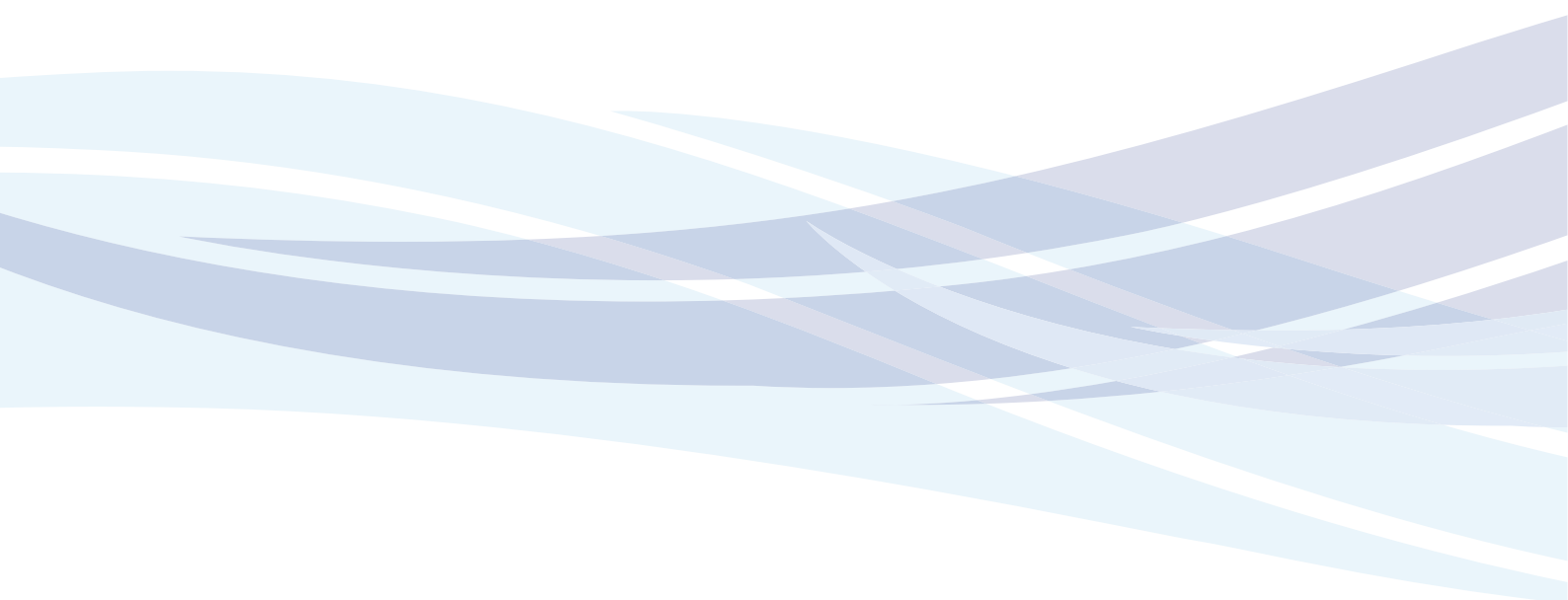
# Annual Report and Accounts 2007-08

Incorporating our plans for 2008-09 and beyond

Safer Lives

Safer Ships

Cleaner Seas



Front cover image courtesy of Cunard

**The Maritime and Coastguard Agency**  
**Annual Report and Accounts 2007-08**

Incorporating our plans for 2008-09 and beyond

Presented to the House of Commons pursuant to section 7 of the  
Government Resources and Accounts Act 2000

Ordered by the House of Commons to be printed on 14th July 2008



**Our vision is to be a world-class organisation that is committed to preventing loss of life, continuously improving maritime safety, and protecting the marine environment:**

**Safer Lives, Safer Ships, Cleaner Seas**

**Our shared core values are:**

**Mutual Respect and Customer Focus**

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## Chief Executive's Foreword

**'Protecting our environment is important to so many people and shipping has the lowest carbon cost per mile of all transport modes, contributing 1.75% to world emissions.'**

I am pleased to present the Annual Report and Accounts for the Maritime and Coastguard Agency 2007-08, incorporating our plans for 2008-09 and beyond. I have enjoyed my first year as the MCA's Chief Executive. It has been great to get to know my colleagues and many of those involved in running the shipping industry. I look forward to building on these relationships to continue to make a safer maritime environment.

During the year there have been several truly heroic Search and Rescue operations, including those of the crews of the *Ice Prince*, *Riverdance*, and *Spinningdale*. These successful rescues ultimately depend on the skill of the Coastguard to assess emergencies and to task and co-ordinate our own Coastguard Rescue Teams, the lifeboats of the Royal National Lifeboat Institution, the Search and Rescue helicopters of the MCA and Ministry of Defence, and our own Emergency Towing Vessels.

There have been some high profile changes in 2007-08. Robin Middleton, the renowned first Secretary of State's Representative for Maritime Intervention and Salvage (SOSREP) retired in December 2007 to be succeeded by Hugh Shaw in January 2008. Hugh immediately had to manage a series of big incidents, 10 in the first three months of the year. John Astbury, former Director of Operations who had acted as Chief Executive since February 2006, retired at the end of May 2007. He had worked tirelessly to keep the Agency moving forward during a long interregnum.

Shipping and the sea have always been in the lifeblood of the people of the United Kingdom and

that remains true in our modern world. Protecting our environment is important to so many people and shipping has the lowest carbon cost per mile of all transport modes, contributing 1.75% to world emissions. Shipping is also responsible for transporting 95% of the UK's visible trade and earns well over £1 million every hour of every day for the United Kingdom economy.

It has been a challenging year for the Agency with industrial action taking place. I am extremely proud of the efforts of my colleagues in the Agency throughout these difficult times in maintaining our emergency response capabilities across functions throughout the UK. Understandably, some of our statistical data for Ministerial Targets, Service Standards, and Outcomes have been affected as a result of this industrial action. Our overall customer service has remained strong and our levels of customer satisfaction feedback suggest that seafarers, shipping companies and members of the public have continued to receive the high standards of service that they have come to expect from the Agency.

I am also extremely proud of the support and contribution our helicopter crews and volunteer Coastguard Rescue Officers gave to other inland agencies during the severe flooding in the summer of 2007. Their ability to adapt and work tirelessly in a professional manner in such arduous conditions highlights the quality and professionalism of our Search and Rescue service. This was a very real example of how the Coastguard Service supports wider civil resilience in the United Kingdom.

I remain impressed by the safety record of ships on the UK Ship Register and the excellent work that our Marine Surveyors do to check that UK and foreign ships meet the right standards. I believe the UK Ship Register is one of the safest and best quality shipping registers in the world. But while the safety record of shipping is good, we must not lose sight of its vulnerability. The sea is a dangerous place and the weather can be unforgiving.

With the help of the SOSREP we successfully managed numerous high profile incidents during 2007-08, such as the sinking of the *Ice Prince* which lost its timber along the coast of Sussex, and the *Riverdance* roll on/roll off cargo ship that grounded on Blackpool beach in severe weather conditions. Our press team provided up-to-date information and warnings to the public and shipping community. These incidents also highlighted the impact that such events have on all parts of the Agency and the effective way that all staff quickly adapt to the situation.

A major achievement was the successful introduction of our new helicopters. They have been selected for their locations, providing a faster response time off the south coast, and greater endurance off Scotland. The helicopters will further enhance our 24-hour all year round Search and Rescue capabilities.

Looking forward, Ministers have agreed to redevelop our Ministerial Targets for 2008-09 (see page 90) and frame them in a way so they can be rolled forward over several years, moving us away from one-year targets which can be very difficult to implement and meet in only twelve months. We have also adopted several safety themes that the Agency will work on with our partners for the next three years.

One cross-cutting area of activity over the next three years is work to promote the wearing of lifejackets in the sport, leisure and recreation sectors. Over 70% of our Search and Rescue effort is in relation to those using the sea and the coast for recreation. We will develop a joined-up approach to promoting the wearing of lifejackets. This is a small step in a much longer journey to change attitudes and behaviours among users of the sea and coast.

Our colleagues at the Marine Accident Investigation Branch (MAIB) continue to point out that when there are shipping accidents, they are often because of people factors. Over the next three years we will do more to understand and address seafarer fatigue. We will also promote improved safety attitudes and safety behaviour in the fishing industry.

Over the next three years we will develop a longer-term strategy for vessel traffic management. This may include investigating the need, in certain geographical areas, for Vessel Traffic Services (VTS) through information, navigational assistance or traffic organisation. Our technology is already well placed to support this work. This is of particular importance as merchant shipping and fishing vessels increasingly have to compete for navigable sea space with those who use our coastal waters for leisure pursuits, and also with developments like offshore renewable energy installations (OREI), and marine conservation areas. We are fully committed to supporting the growth of OREI and our challenge is to help manage the traffic around our coast where it makes sense to do so. Against the background of a changing marine environment, and the advances in technology on ships and ashore to support safe navigation and help us track their movements, the time is right for the MCA to take a long hard look at what we do and how we do it. We are looking carefully at our role and responsibilities and the skills our people need to fulfil those roles in the future.

Although not within the reporting period of this Annual Report and Accounts I must pay tribute to Susan Nelson and Robin Middleton who received an MBE and CBE respectively in the Queen's Birthday Honours for their service to the maritime sector. I am extremely proud of them and believe they thoroughly deserve these accolades.

I hope you enjoy reading this publication and I would welcome any feedback about it or any aspect of the Agency's work.



Peter Cardy, Chief Executive



## Setting the Scene

**'In the course of the year Maritime Rescue Co-ordination Centres organised, tasked and co-ordinated the response to around 18,000 sea and coastal emergencies.'**

We are responsible for supporting the Department for Transport (DfT) in developing and implementing the Government's maritime safety and environmental protection strategy by:

- Promoting safety at sea and on the coast
- Providing a 24-hour maritime Search and Rescue co-ordination service
- Preventing pollution from ships and minimising the effects of pollution incidents by reacting quickly and effectively
- Maintaining the quality of ships on the UK Ship Register through regular surveys and inspections
- Promoting high levels of maritime safety and security

In the course of the year Maritime Rescue Co-ordination Centres organised, tasked and co-ordinated the response to around 18,000 sea and coastal emergencies. We sent maritime Search and Rescue resources to about 8,000 of those, assisting over 25,000 people, preventing many deaths. As part of our vital preventative work we carry out around 3,600 surveys of UK registered ships and over 6,600 inspections of foreign and UK ships, as well as co-ordinating and responding to any counter pollution operations around the UK. We are also responsible for processing 11,500 certificates and other documents that authorise seafarers to work

at sea, and over 120,000 items of correspondence from the general public. The Agency's enforcement function deals annually with around 100 breaches of Merchant Shipping Legislation.

### Strategic goals

We have two broad objectives and they relate to safety and protecting the environment:

- i) **Safety** – Through accident prevention and effective Search and Rescue co-ordination and response, improve the safety of ships and people at sea and at the coast
- ii) **Environment** – Through our monitoring of ships and response to pollution incidents protect the marine environment

We continue to work towards these objectives through our regular work explained throughout this document. As well as this, over the next three years we will be specifically concentrating on the following work strands:

- To address seafarer fatigue
- To improve the safety of small fishing vessels
- To promote the wearing of lifejackets, especially for recreational sailors
- To develop our vessel traffic management system



## Agency management

We are answerable to the Secretary of State for Transport and the DfT through our Framework Document which outlines our roles and responsibilities. The Agency's Framework Document was last updated in 2003 and should have been reviewed in 2006. However recognising the Government-wide programme of formal departmental capability reviews the DfT is in the process of reviewing its relationships with its Executive Agencies. Any revision to the Framework Document will be taken forward in the context of that DfT review. The current Framework Document establishes an Advisory Board to review the Chief Executive's and the Agency's performance against its targets and financial resources. The Advisory Board helps support and steer the Agency's contribution towards achieving wider governmental priorities, and included the following members for 2007-08:

**Simon Webb** (Director General, International Networks and Environment Group, Chair)

**Peter Cardy** (Chief Executive)

**Ian Woodman** (Director of Maritime and Dangerous Goods)

**Theresa Crossley** (Head of Shipping Policy Division)

**Neil Goodall** (Finance Director, MCA)

**Valerie Richardson** (Secretariat, Shipping Policy Division)

**Helen Jameson** (Head of Resource Management and Planning, International Networks and Environment Group) (From February 08)

**Bob Banham** (External Member)

**Julian Lee** (External Member)

The Chief Executive was supported by an Executive Board of five Executive Directors and three Non-Executive Directors. The Non-Executive Directors ensure the Board is working in the best interests of the Agency and its

stakeholders. They are not full time employees of the Agency and are not affiliated with the Agency in any way other than their work for the Executive Board, Audit Committee, and Advisory Board.

The Executive Board met regularly during the year to discuss strategic issues affecting the Agency. Every time they met they reviewed the following areas:

- Progress against Ministerial Targets
- The latest position on Corporate Risks
- The Agency's budget and upcoming budgetary pressures
- The Balanced Scorecard (a traffic light system of reporting key Agency activities)
- Health and safety

Members of the Executive Board within the financial year 2007-08 were as follows:

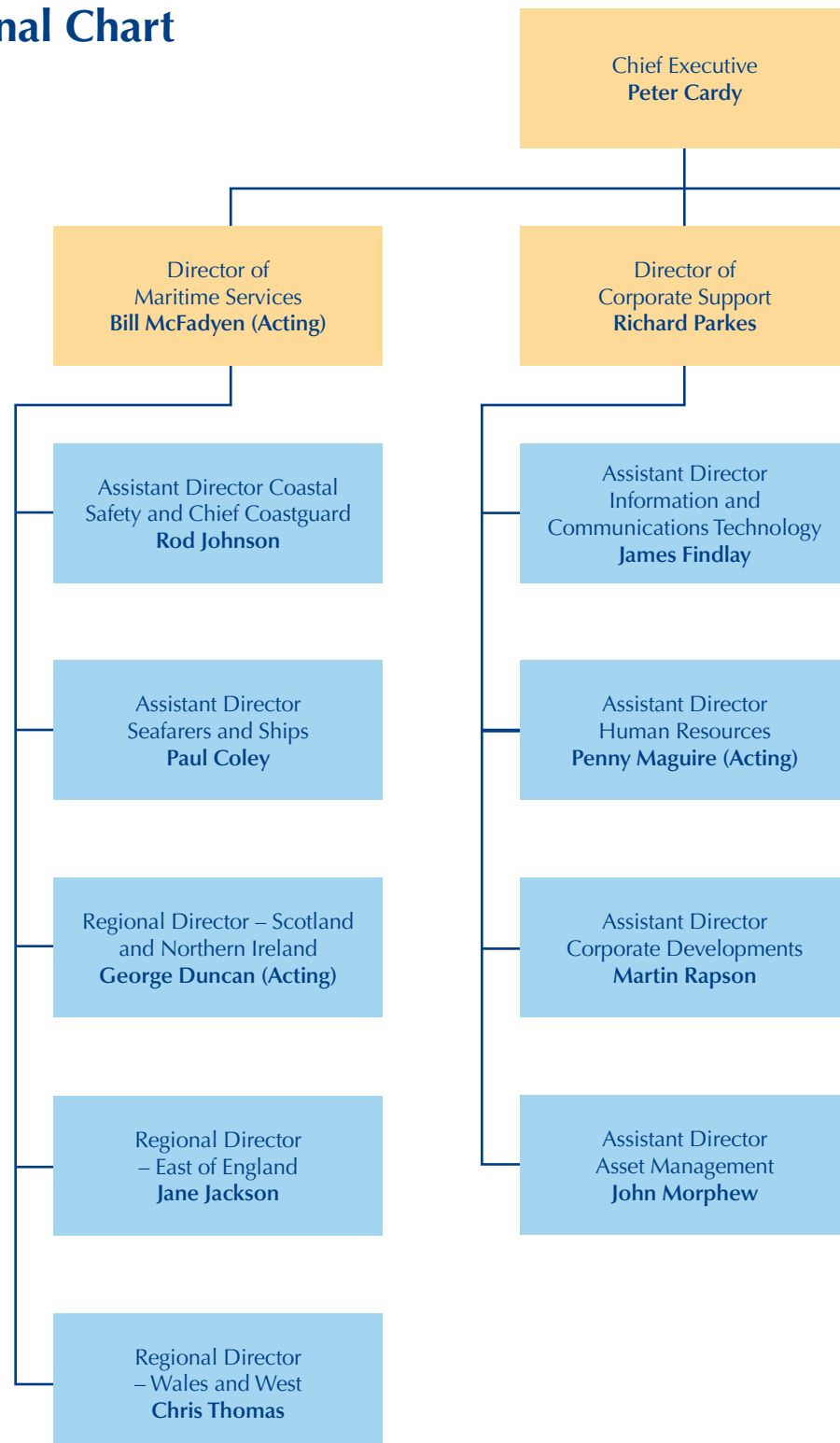
**Executive Directors:** John Astbury (Until May 07) Peter Cardy (From May 07), Paul Jackson, Alan Fairney (until January 08), Bill McFadyen (acting from January 08), Neil Goodall, Richard Parkes, Penny Maguire (acting until August 07), Alison Thorne-Henderson (from September 07).

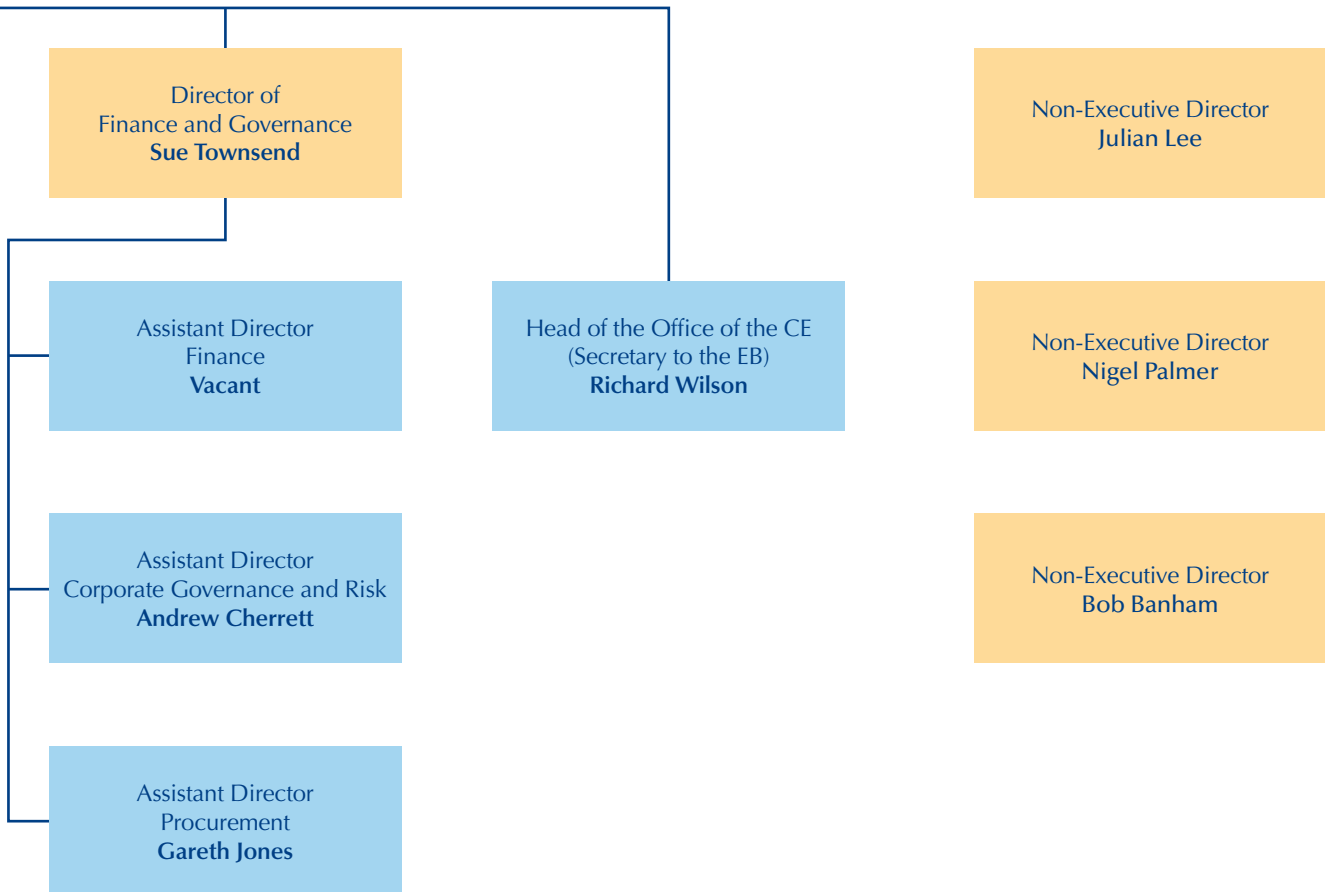
**Non-Executive Directors:** Bob Banham, Julian Lee and Nigel Palmer (from July 07).



# Organisational Chart

as of July 2008





From left to right: Bob Banham, Sue Townsend, Julian Lee, Richard Parkes, Nigel Palmer, Bill McFadyen, Peter Cardy

- Executive Board Member
- Senior Management Team Member





## Management Commentary

**'We seek to design our services to meet customer needs and aim to use technology to make our services more customer focused.'**

### Delivery for our customers

We are a dynamic business continuing to improve the service we provide to our customers, which is reflected in our core values of 'Mutual Respect, Customer Focus'. We deal with both direct customers such as individual seafarers using our certification service, and indirect customers such as a ferry passenger who wants to know that the ship is safe. We are ultimately accountable to Parliament for running the Agency effectively and efficiently. We continuously endeavour to make regulation and processes simpler for our customers by supporting the Government's Better Regulation initiative.

### Service transformation

We continue to support the Government's transformation strategy. We seek to design our services to meet customer needs and aim to use technology to make our services more customer focused. For example this year we extended our opening hours for commercial ship owners on the UK Ship Register by providing a 7am-7pm service. Other examples include an electronic subscription service for our merchant and marine notices, and the online small ship registration service.

### Representing the UK

We play a major role in developing and representing UK maritime policy on the international stage, principally at the International Maritime Organization (IMO) and within the European Union. We work

closely with our colleagues in the DfT, and other government departments and industry. We strive through the IMO and International Labour Organization (ILO) to achieve the UK's key objectives for maritime safety, security, protection of the environment and the safety and welfare of seafarers. We also work with the European Maritime Safety Agency (EMSA) and our European Union partners.

The UK is the host government to the IMO which is the sole UN agency headquartered in the UK. We act as the landlord to the IMO and have recently completed an extensive refurbishment of the headquarters building which will give the maritime administrations of the world a modern world-class venue to further develop the international regulatory framework for global shipping.

### Working with our European partners

We continue to build excellent working relationships with our European Union partners, in particular through EU funding mechanisms. In July 2007 we successfully completed our project with the Malta Maritime Authority which delivered a Training and Development Programme for new recruits and existing ship inspecting staff. It included studying Dynamic Risk Assessment, Dangerous Goods and the IMO Voluntary Audit Scheme.

In July 2007 we were successful in our bid for a new EU Twinning Project with the Bulgarian Maritime Agency Administration (BMA) aiming



to develop an effective Search and Rescue service (SAR) in the Bulgarian Black Sea coastal areas. This second twinning project with the BMA delivers a 14-month package of operational and organisational improvements, training, a 10-year development plan and a maritime Search and Rescue Framework.

Early in 2007 working with Vector Command and with the help of funding from the Civil Protection Mechanism of the European Commission, we launched EU FloodCommand. This joint UK, Irish and Swedish project aims to raise awareness and provide a framework for closer co-operation in the use of maritime SAR for civil protection through the sharing of information and the development of systems and protocols. The objective is to create a European Maritime SAR Response Module – improving capacity, speed and effectiveness of response for dealing with major coastal disasters.

In April 2007 we started work with the Marine Institute of Ireland on the Joint Irish Bathymetric Survey project that is funded completely by the EU. The survey will provide a comprehensive picture of the seabed from Fair Head (around Rathlin Island) to Inishtrahull Island off Donegal, excluding the harbour of Lough Foyle. It is intended that the survey results, as well as meeting the needs of several organisations and promoting good practice for future surveys, will be made freely available as a download from the Internet.

### Customer satisfaction

Feedback from our customers is essential in helping us improve our services and we would like to thank everyone who has completed a satisfaction questionnaire over the past few years.

We continue to carry out satisfaction questionnaires by telephone, email, and by paper forms. This year we continued with our Seafarer Certification, and Survey and Inspection questionnaires. We also introduced a new questionnaire for our services to shipping companies and individual seafarers at the Registry of Shipping and Seamen (RSS), as well as a questionnaire for companies joining the UK Ship Register. This year's results were very encouraging with all survey streams showing a 79% or more customer satisfaction with our services. To look at these results in more detail please go to: [www.mcga.gov.uk/c4mca/mcga-aboutus-feedback](http://www.mcga.gov.uk/c4mca/mcga-aboutus-feedback)

### What you can expect from the MCA

You are entitled to expect us to treat your enquiries impartially, with courtesy and the appropriate level of confidentiality. You are entitled to receive clear and unambiguous advice.

If you are not satisfied with the service from the MCA please get in touch with the person or section that you have been dealing with. They will be keen to put the matter right if they can. All our letters give the name and telephone number of the sender and usually a reference



number. For further details of our complaints procedure please go to: [www.mcga.gov.uk/c4mca/mcga-aboutus-complaints](http://www.mcga.gov.uk/c4mca/mcga-aboutus-complaints)

### The UK Ship Register

The UK Ship Register, which lists every ship registered by the UK maritime administration, brings together all stages of the registration process into one unit, improving customer care. We have a dedicated website, [www.ukshipregister.co.uk](http://www.ukshipregister.co.uk), with online registration and dedicated Customer Account Managers who provide 24-hour customer care with focused assistance throughout and after registration. During this year we have placed a Customer Account Manager in Hamburg to provide service for our German customers. We continue to promote the UK Ship Register and this year we have attended events in the UK, China, Greece and Norway. In July 2007 we launched 'Flagging Up' which is a quarterly electronic newsletter sent to our customers that includes a round-up of news and guidance notes specifically relating to the UK Ship Register.

We carried out two customer satisfaction questionnaires with customers who have joined the UK Ship Register in the past twelve months. On average 85% of customers are very satisfied with our UK Ship Register service.

The UK Ship Register is recognised as a Quality Flag. Ships flying the Red Ensign meet the highest worldwide quality safety standards. This year we topped the Paris Memorandum of Understanding (MOU) White List of quality Flag States. We continue to be both on the Tokyo MOU White List and the US Coast Guard's Qualship 21 quality scheme.

### Running the business

#### Corporate governance and risk management

We have adopted HM Treasury's Corporate Governance Code of Good Practice that has been widely implemented in the private sector. We document the levels of internal controls in the Agency to give an assurance to the Audit Committee and the Chief Executive and support the formal Statement on Internal Control.

Risk is a standing agenda item at Executive Board, Senior Management Team (formerly the Corporate Committee) and Audit Committee meetings. Clear guidance is available to help our staff identify, manage and escalate risks. The guidance includes statements from the Executive Board about its willingness to take on risk in a range of contexts.

We are committed to operating quality processes and we are accredited to the international ISO 9001:2000 Quality Management System. We also use the European Foundation for Quality Management Excellence Model. Both help us to gain business improvements and provide consistent delivery of services to our customers.

#### Efficiencies

The changes made for the production of the MCA Annual Report and Accounts 2006-07 created savings of just over £20,000 and about 400,000 pieces of paper compared to previous years. The document size was reduced for an

easy-to-read format for the customer. Only a limited number of paper copies were printed and distributed, and most people read it online via our website.

The MCA expects to benefit from the DfT Shared Services Centre in Swansea from October 2008 when the Centre will manage people and financial transactional work that is common across the Department and its Executive Agencies. Under the Shared Services Transformation Programme the MCA will work differently and has used this opportunity to reshape the Agency. The new structure will maintain the Agency's core objectives in maritime safety, put all its customer-facing services within a single Directorate, and develop and encourage specialist managers. The Agency's well deserved global maritime reputation will be maintained.

We provide a free electronic subscription service for our Marine Notices which tell shipping and fishing industries about safety, pollution prevention and other important information. This environmentally friendly option has proved very popular with over 2,400 subscribers. To subscribe to our free e-subscription service or alternatively to our paper subscription service please go to: [www.mcga.gov.uk/c4mca/newsandpublications/mnotices](http://www.mcga.gov.uk/c4mca/newsandpublications/mnotices)

### Sustainable development

We are fully committed to meeting Government targets on sustainable development. We follow the shared principles of living within environmental limits; ensuring a strong, healthy and just society; achieving a sustainable economy; practicing sustainable procurement; and promoting good governance.

We published the Sustainable Development Action Plan in June 2007. The plan sets out specific targets on energy, waste, travel, water consumption and biodiversity. We aim to reduce travel carbon emissions through the use of web cams, telephone and video conferencing.

We were delighted to receive the 'Best Carbon Saving Multi-Site campaign' award in February 2008. The Carbon Trust ran this 100-day event from September until December 2007. Staff at all our locations were encouraged to support the campaign by reducing their individual carbon footprints through simple actions such as turning off lights and computers when they were not being used.

Through full staff support we have reduced the Agency's overall annual energy consumption by 15% during 2007-08 and increased recycling at our HQ building to 75% compared to 35% during 2006-07.

We are consulted by the Department for Business, Enterprise and Regulatory Reform (BERR), which has responsibility for the issue of consents, on navigational safety aspects of proposals to develop Offshore Renewable Energy Installations (OREI), mostly offshore wind farms. For more details please go to 'Safer Ships'.

### Research

We carry out maritime safety and pollution prevention/response related research projects. These help us meet Ministerial Targets, set appropriate standards and introduce effective ways of dealing with incidents. In 2007-08 we spent just over a quarter of a million pounds on research which included studies into environmental protection, vessel safety and accident prevention. In the future we are looking to undertake research in the areas of hydrogen fuel cell propulsion, survivability standards of passenger ships and risk associated with introducing non native species via biofouling of ships. We welcome suggestions for collaborative research. For more details of our research projects please go to our website [www.mcga.gov.uk/c4mca/mcga-aboutus-research2.htm](http://www.mcga.gov.uk/c4mca/mcga-aboutus-research2.htm)

### Paying our suppliers

Our payment policy is that all bills should be paid by contractual deadlines, or within 30 days of receipt of goods and services or the presentation of a valid invoice. We hit this target in 99.8% of cases.

## Our people

Our people are from a diverse range of backgrounds and as such, have different qualities, skills and experiences that they each bring to their job role. This gives a wide range of perspectives on solving problems, creating business opportunities, understanding and delivery to our diverse customer base.

We are an accredited Investor in People (IiP). We encourage and equip staff to build on their skills through an annual Personal Development Plan to highlight any training needs. We have our own Leadership Programme which aims to nurture qualities that will provide people with the energy, influence and direction to get our work done now and in the future. The flagship events in this programme are our Maritime Challenge and National Conference, which are designed and run by our people at all levels and locations in the Agency.

We encourage and reward our people for ideas on how to improve services or processes within the Agency through our staff suggestion scheme Sea Change.

### Diversity

We are committed to equality of opportunity in all areas of employment, including recruitment,

development and promotion. We treat all staff fairly, with dignity and respect. Diversity is fundamental to our employment practices and to the way we deliver services both internally and externally to our customers. This is shown in the way we develop policy and in our published Equality and Diversity Action Plan. The most recent is the 2008-09 Race Equality Scheme which is monitored by the Equality Human Resource Commission.

### Communication with staff and volunteers

We keep our people informed about our business activities and initiatives, share team and individual successes, and other topics of interest through our fortnightly electronic bulletin Connect, which celebrated its 100th edition this year. Our 3,500 volunteers are kept informed via their own, MCA-provided website. Corporate messages from the Chief Executive are shared in a consistent and timely manner. Regular team meetings give staff the opportunity to discuss issues and provide feedback. Manager's briefing is provided for these meetings as required. We hold meetings with Trade Union representatives on a regular basis. We aim to ensure that our communications with staff and volunteers, as well as customers and the public, are timely and consistent to minimise misinformation and rumour.

## MCA staff in post figures

	Total permanent and contract staff
Staff in post at 1 April 2007	1,181.3
Staff in post at 31 March 2008	1,161.3

*These figures have been produced on a Full Time Equivalent basis in order to reflect part time working arrangements.*

## Summary of starters and leavers

	Total permanent and contract staff
Starters	120
Leavers	
Career break	0
Death in service	0
Resignation	91
Retirement (age)	29
Retirement (ill health)	2
Other leavers	30
<b>Total leavers</b>	<b>152</b>

*These figures have been produced on a headcount basis in order to reflect the actual numbers.*





## Measuring our Performance

‘We successfully achieved four out of seven, with two Standards missing by marginal amounts.’

### Service Standards 2007-08

We have 12 Service Standards that set out our commitment to our customers. This year our collection of statistical information has been disrupted by the industrial action short of a strike. Fully auditable results were available for seven Service Standards, shown in the graph (right). We successfully achieved four out of seven, with two Standards missing by marginal amounts. We believe that Service Standard 1 has been achieved, although a difficulty with our computer system has meant that we are not able to verify this through an audit. We are confident that through looking at our customer complaints the industrial action has not had a significant affect on our customer service. The action affected our ability to show statistically that we have achieved the remaining five Service Standards.

From April 2008 we plan to work to our correspondence Service Standard, but not to collect data on it. This will not reduce services to customers in any way. We will instead be measuring our performance on responding to correspondence through our complaints Service Standard. An addition to the Service Standards for 2008-09 will be the measuring of our Search and Rescue response, previously a Ministerial Target. To view Service Standards for 2008-09 please go to page 91.



### 2007-08 Service Standards

- 1 In 98% of cases, we will answer 999 telephone calls and maritime distress signals within 10 seconds in accordance with the Code of Practice for the Emergency Call Service.
- 2 When a Coastguard Rescue Team is alerted, the team members will get to their Rescue Station as soon as they can. Once the Rescue Team is ready to proceed from its station, it will arrive at the scene of an incident within 30 minutes in 90% of cases.
- 3 In 95% of cases, we will assess your eligibility to sit an exam with 28 days.
- 4 In 95% of cases, we will issue Certificates of Competency (COC) within 14 days.
- 5 In 95% of cases, we will issue your revalidated Certificate of Competency (COC) within 14 days.

- 6 In 90% of cases, we will assess your Certificate of Equivalent Competency (CEC) application and issue the Confirmation of Receipt of Application (CRA) within 14 days.
- 7 In 95% of cases, we will issue your survey or audit certificate within 14 days completion of a satisfactory survey.
- 8 In 90% of cases, we will complete your plan approval within 28 days.
- 9 In 95% of cases, on receipt of the signed carving and marking note, we will issue your registration certificate within seven days (for merchant ships, pleasure vessels, fishing vessels and bareboat charter ships).
- 10 In 95% of cases, we will issue your registration certificates within 14 days (for small ships – under 24 metres).

11 In 90% of cases, we will respond to your letters, faxes and emails within 14 days.

12 In 90% of cases, we will respond to your complaints within 14 days.

## Ministerial Targets

### Achievements in 2007-08

Six Ministerial Targets were agreed for us to complete in 2007-08. Due to industrial action short of a strike we are unable to prove statistically that we have achieved Ministerial Target one. However we successfully achieved three out of the four remaining targets for 2007-08. Intensive work is proceeding so that future targets relating to 2a and b are achieved in future years.

Ministerial Target			2004-05	2005-06	2006-07	2007-08
<b>1</b>	Decide on Search and Rescue response within five minutes of being alerted in 98% of cases.	Outturn	98%	97%	99%	<i>No data available due to industrial action</i>
<b>2a</b>	Deliver the programme of planned ship inspections.	Outturn	117%	121%	101%	<b>95.7%</b> Not achieved
<b>2b</b>	Ensure that 95% of mandatory expanded inspections are carried out.	Outturn	83%	93%	93%	<b>84.9%</b> Not achieved
<b>3</b>	Ensure no more than 3% of UK ships inspected under global Port State Control arrangements are detained and the UK register maintains a position on the Paris MOU List which is comparable to registers of a similar size and reputation.					<b>Achieved</b>
<b>4</b>	By 31 December 2007, implement EU reporting requirements of the Vessel Traffic Monitoring Directive (VTMD) through the Consolidated European Reporting System (CERS).					<b>Achieved</b>
<b>5</b>	As a Category One Responder, meet the provisions of the Civil Contingencies Act 2004 on behalf of the Secretary of State, in so far as his functions include responsibilities to maritime and coastal emergencies (excluding the investigation of accidents).					<b>Achieved</b>

Two Developmental Targets to focus our planning for 2008 onwards were agreed with the Secretary of State. These Targets were:

### Development Targets

- 6 Carry out 10 Operational Standards and Training Audits of Rescue Co-ordination Centres and establish a baseline of quality performance that can then be developed into a new performance measure from 2008-2009.
- 7 Review the implementation, effectiveness and impact of maritime safety risk management using evidence-based information to check the Agency's direction in this area, and develop specific targets to be introduced from 2008-2009.

### Notes to Targets

We are unable to statistically prove that we have achieved **Target 1** regarding Search and Rescue decision-making due to industrial action. Coastguards are completing detailed incident reports which contain the information to prove this target but to go through these reports individually would be onerous and an inefficient use of resources.

**Target 2a**, regarding planned ship inspections was not achieved with 95.7% of inspections carried out over the year. The shortfall was mainly the inspection of small passenger ships (87.9% of target achieved), and under 15m fishing vessels (89.7% of target achieved). The main reason for this was a reduction in the available number of fully trained surveyors (due to retirement and natural wastage) which was exacerbated by the industrial action. Many inspections are carried out at the same time as surveys, and industrial action taken by MCA surveyors meant many ship surveys were delegated to classification societies. As a result inspections which would have taken place at the same time were not carried out.

**Target 2b**, regarding mandatory expanded ship inspections, was not achieved with 84.9% of inspections carried out over the year. We missed 21 out of the 139 required inspections. This was due to surveyors not carrying out surveys at night

as it is too dangerous, ships not informing us of their arrival, and the unavailability of surveyors due to industrial action.

**Target 3**, regarding the detention of UK Ships was achieved. In 2007-08 there were 850 inspections of UK ships under the Paris and Tokyo PSC arrangements from which there were 12 detentions, a detention rate of 1.41%. The UK Ship Register maintained its position on the Paris MOU White List above other registers of a similar size and reputation.

**Target 4**, regarding the implementation of the EU reporting requirements of the Vessel Monitoring Directive through the Consolidated Reporting System by 31 December 2007, was achieved.

**Target 5**, regarding the Agency's role as Category One Responder, was achieved. A report was completed and submitted to the MCA Executive Board. Structural changes within the Agency's Headquarters and Regional organisations take effect early in 2008-09 to establish a small team of senior officers dedicated to the task.

The work on **Target 6** was successfully developed. We successfully completed 14 Operational Standards and Training Audits of Rescue Co-ordination Centres during the year. SGS auditors have observed the process and approved the methodology and process.

The work on **Target 7** to review the implementation, effectiveness and impact of maritime safety risk management, using evidence-based information to check the Agency's direction in this area, and develop specific targets to be introduced from 2008-09, was completed.

You will find more details of our performance against these targets elsewhere in this document under the relevant business activities.

### Outcomes

We work closely with the maritime industry and general public to increase safety and prevent pollution. We aim to reduce accidents and deaths at sea, and to minimise pollution in the UK waters through monitoring and measuring

our work against four Outcomes. Further details are provided in Annex B.

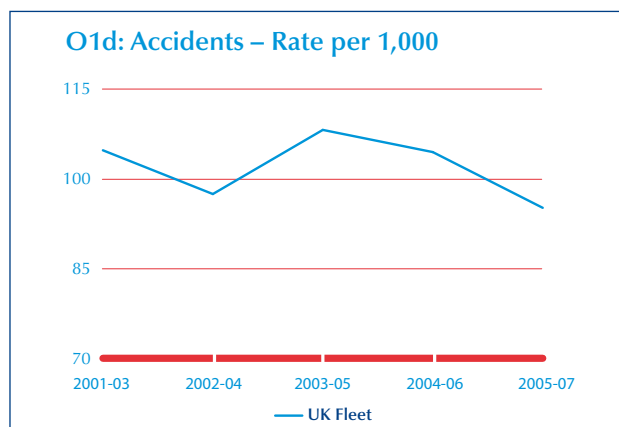
### Outcome 1: A reduced rate of accidents and accident related deaths involving UK registered merchant ships and fishing vessels

#### Fishing vessels

We have seen 29 fewer accidents on UK fishing vessels compared to last year, with machinery failure contributing to 70% of them. The three year rolling average rates for fishing crew deaths per 10,000 has fallen to 4.6 in 2005-07.

#### Merchant ships

Despite the number of ships on the UK Ship Register continuing to grow, there has been a reduction in the number of accidents with 71.6 accidents for every 1,000 ships. The three year rolling average for the number of merchant navy crew deaths per 10,000 crew has fallen to 3.3 for 2005-07.

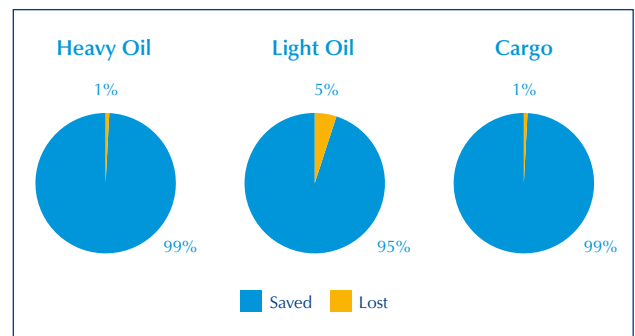


### Outcome 2: To reduce the frequency and severity of incidents within the UK Search and Rescue (SAR) Region

The number of deaths has reduced slightly by four compared with last year. The headline figures were 34 fewer suicides with 10 more land accident related deaths compared to last year's statistics. These figures have not been audited as data for this outcome is incomplete as a result of the number of incident statistics not being available because of industrial action.

### Outcome 3: A reduced number of incidents of pollution from shipping activities in the UK Pollution Control Zone

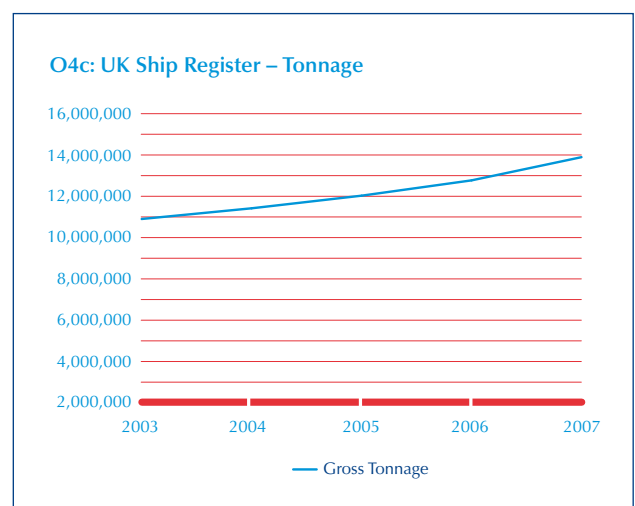
This year we changed our methodology for reporting on the amount of oil and cargo saved. The results still show our excellent abilities to respond and effectively deal with pollution incidents. This year we have saved over thirty thousand tonnes of heavy oil, two and half thousand tonnes of light oil, and just over two hundred thousand tonnes of cargo.



### Outcome 4: An enhanced safety record for the UK and Red Ensign Fleet

The UK Ship Register continues to grow, both in terms of tonnage and ships. The gross tonnage has increased by around 9% from last year and the number of ships has increased by 25. These are excellent results that continue to show the success of the UK Ship Register.

We provide a 24-hour a day, 365 days a year emergency response co-ordination service for the UK coast and surrounding waters. We also aim to reduce incidents through prevention activity, education and improved regulations while maintaining effective enforcement.



# Lifejackets

Get in  
the habit  
for LIFE.



Always wear your lifejacket. Ensure you have the right flotation device on board.

For more information and advice visit  
[www.nationalmaritimeauthority.org.uk/safety/buoyancy\\_afloat.htm](http://www.nationalmaritimeauthority.org.uk/safety/buoyancy_afloat.htm)



## Safer Lives

**‘We aim to reduce incidents through prevention activity, education and improved regulations while maintaining effective enforcement.’**

### Preventing loss of life

The 11,072 miles of UK coastline remains popular with over 200 million day trips that create the biggest demand for our SAR service.

We continue with our coastal educational initiative ‘Sea Smart’ which promotes safety awareness for children under 14 and their parents. In the summer of 2007 we launched a new storytelling pack aimed at libraries that is designed to bring to life ways to be safe at the beach in a fun and motivational way. A Coastguard branded tram made its first trip in June 2007 as part of our summer safety campaign in Blackpool. For more information about Sea Smart please go to: [www.mcga.gov.uk/seasmart](http://www.mcga.gov.uk/seasmart)

#### WHAT PEOPLE SAY ABOUT US

*‘There is no doubt that your talk along with others is having the desired effect of making the children more aware of careers and work undertaken by people in the ‘outside’ world’*

We support ‘Crucial Crew’ workshops in the UK which are aimed at schoolchildren aged 8-11. We also support the ‘Risk Factory’ which

is modelled on ‘Crucial Crew’. About 13,000 children each year are presented with various dangerous or challenging situations and are shown how to deal with them in a safe and supervised environment.

Our Joe and Petunia Sea Safety television adverts remain popular. The adverts urge people to dial 999 to alert the Coastguard and were shown on 41 different television channels throughout the UK in 2007.

Our Education Advisory Group supports the work for the water-based safety lesson plans for Key Stage 2 Personal, Social and Health Education syllabus (PSHE). Free downloads are available from the education section of the MCA website.

We continue with our ‘Don’t Drink and Drown’ campaign with beer mats and posters targeted at waterside bars.

The 5th series of the award winning television programme ‘Seaside Rescue’ aired in April 2008 remains popular with over four million viewers. The primetime show highlights the dangers of the sea and the importance of being properly prepared.

Search and Rescue Crews at sea were honoured with the launch of dramatic new stamps released in March 2008 by the Royal Mail to celebrate the vital work of the people involved in Search and Rescue. The stamps highlight the actions of the crews of the Coastguard Rescue Helicopters

working closely with the men and women of the Royal National Lifeboat Institution.

We are evaluating proposals from the 999 Liaison Committee for using a National Emergency Texting Service for people who have hearing and speech impairments. Trials are due to begin in 2008.

Over the next three years we plan to promote the wearing of lifejackets in the sport, leisure and recreation sectors. We know that over 70% of our Search and Rescue effort is in relation to those using the sea and the coast for pleasure, and we aim to reduce accidents or lessen their severity. We plan to join forces with our partners in the Royal National Lifeboat Institution and the Royal Yachting Association to develop a joined-up approach to promoting greater awareness of the value of lifejackets, and when it is appropriate to wear them.

We collect informal accident data information by using feedback from helicopter and lifeboat crews, and from Coastguard Rescue Teams and rescue centre staff. We closely review fatal and serious accidents to capture and share vital prevention information.

#### Marine Accident Investigation Branch (MAIB)

We have a strong history of close co-operation with the MAIB who investigate marine accidents to or on board UK ships worldwide and other ships in UK territorial waters. We function separately from the MAIB with distinctly different roles, but with a shared commitment to continuously improving the safety of life at sea and the protection of the marine environment.

While recognising that, in some circumstances, legal constraints and the need to maintain confidentiality rightly restricts the extent of co-operation, it is essential that we both support the work of each other whenever possible.

We attach great importance to the recognition of our common purpose, and endeavour to facilitate an atmosphere of mutual respect and close

working relationships between us and the MAIB.

#### Seafarer health and safety

Seafarer medical examination checks are very important for all those who work at sea. In 2007 we provided over 39,000 UK seafarer medical examinations through our worldwide network of Approved Doctors. In 2008 we intend to initiate a review of the medical standards on which these examinations are based, to ensure that they remain fully up to date. We also continue to promote seafarer health and safety messages through publications and leaflets.

The MAIB continue to draw attention to the people factors in shipping as being directly responsible for up to 80% of ship accidents, both in the commercial world and in the fishing industry. We are planning a range of activities over the next three years to address aspects of seafarer fatigue. One area we will focus on is to invest more of our ship inspection resource in checking hours of work and rest records on merchant ships and using the seafaring expertise of our Marine Surveyors during inspections to make an informal assessment of the crew's alertness to operate their ship safely. Where our Marine Surveyors have concerns they can further investigate the safe running of the ship.

In May 2007 we produced two guides to assist seafarers and managers in recognising the signs and symptoms of fatigue, and educating them in steps to take to reduce fatigue. These guides are intended to raise both awareness of fatigue, and assist seafarers and managers in the maritime industry to improve their fatigue management skills. We have also recently published two leaflets and a poster about stress, and for the coming year we plan to issue further leaflets on health maintenance and obesity. Free copies of our leaflets are available by calling 0845 603 2431 or emailing [mca@ecgroup.co.uk](mailto:mca@ecgroup.co.uk)

The ILO Maritime Labour Convention 2006 is an important international measure which sets global standards for seafarers' living and working



conditions. We continue to work towards its full implementation, with the aim of ratifying for the UK in 2010.

### Search and Rescue co-ordination

#### Maritime Rescue Co-ordination Centres (MRCCs)

Our MRCCs are ready to respond to calls for help by radio, satellite or the 999 service. Our highly trained Search and Rescue (SAR) co-ordinators decide on the appropriate response to an incident, taking into account the risk to those in trouble, the severity of the incident, the environmental impact, and the capabilities and limitations of the SAR response options. They task and deploy Coastguard Rescue Teams, SAR helicopters, lifeboats of the RNLI, our own support ships and other vessels close to incidents.

#### Coastguard Rescue Service

Our Coastguard Rescue Service is made up of around 3,500 volunteers operating in over 380 teams strategically located around the UK coast who proudly wear the Coastguard uniform. These dedicated individuals give up their time and energy to help rescue or assist people in trouble from cliffs or mud, and search for anyone missing around the UK coast. Our Coastguard Rescue Officers also help to spread valuable safety messages in their local communities.

#### Civil resilience

As a Category 1 responder under the Civil Contingencies Act 2004, we have a duty to

#### WHAT PEOPLE SAY ABOUT US

*'We send our heartfelt thanks to Coastguards who brought us water delivered with humour and kindness. We were all so grateful and hope your arms don't ache too much and you have all caught up on your sleep'*

co-operate and share information with other responders; to plan to prevent and respond to emergencies; to plan for business continuity; and to warn and inform the public in the event of an emergency. Fulfilling these duties remains a Ministerial Target for the Agency. Early in 2008-09, we shall appoint a small team of senior officers dedicated to the task.

As part of our obligations under the Civil Contingencies Act 2004, Coastguard Rescue Officers were deployed to Gloucestershire in response to the severe flooding in the summer of 2007, acting in support of the inland emergency services and other responders. These Officers made an outstanding contribution and Jim Fitzpatrick, the Shipping Minister, commented that 'This has been a truly successful operation, underlining the value and quality of the service

and the ability you clearly all have in adapting to the most changeable and arduous of situations’.

### MCA Daedalus

A new development project providing a modern Search and Rescue Helicopter base for up to three aircraft and accommodation for its 24-hour operational personnel took place over a 50-week build and became operational in January 2008. The first aircraft to use the hangar are the new generation Augusta Westland AW139 which will be replacing the existing Sikorsky S61N helicopters in the summer of 2008.

#### WHAT PEOPLE SAY ABOUT US

*‘We have heard of, and seen, many such rescues on television but never expected to be the subject of one ourselves. This has highlighted the valuable work undertaken by the emergency services and the dangers that they themselves face on a day to day basis’*

### Helicopters

We manage a contract for our modern efficient SAR Helicopters that operate from bases at Stornoway, Sumburgh (Shetland), Portland and

Lee-on-Solent. In July 2007 we unveiled the new Sikorsky S92 helicopter at Stornoway and Shetland. The new helicopters have been in service since September 2007 in Stornoway and December 2007 in Sumburgh. We have successfully introduced one AW139 helicopter at Portland that has been in service since 1 April 2008. We plan for the remaining two AW139 helicopters to be in service at Lee-on-Solent by July 2008. The contract runs until 2012, after which it is planned to establish a longer-term harmonised helicopter provision with the Ministry of Defence.

### Fire fighting at sea

Our highly trained Maritime Incident Response Group (MIRG) provides a Fire and Rescue capability to deal with fires and chemical incidents at sea. There are 15 teams made up of about 50 firefighters, from Local Authority Fire and Rescue Services, with each team situated at strategic locations around the coast.

### Automatic Identification System (AIS)

We are the UK’s National Competent Authority for AIS. All ships over 300 gross tonnes are required to transmit AIS signals. AIS provides information about ships on passage to other ships and to shore-based authorities, with coverage out to a minimum of 30 nautical miles around the UK coastline. AIS helps to increase the safety of ships at sea through enhancing our capabilities for the co-ordination of both SAR and marine pollution control, as well as supporting our enforcement, hydrographic, security, environmental and regulatory activities.





## Safer Ships

**‘We are fully committed to continuously improving maritime safety by working with the shipping industry to promote the safe construction, operation and navigation of ships.’**

### Improving maritime safety

The UK is highly respected worldwide with its vast technical skills and expertise within the maritime community. We are fully committed to continuously improving maritime safety by working with the shipping industry to promote the safe construction, operation and navigation of ships. Regulations are developed at the IMO when necessary, with high standards enforced by the Agency for ships on the UK Ship Register. Foreign ships visiting UK ports also undergo rigorous safety checks by the Agency.

### Ship inspection and survey services

Inspections are carried out to check safety standards and living conditions on UK ships and fishing vessels, as well as Port State Control inspections for foreign ships visiting UK ports. This year we conducted over 5,350 inspections and 1,639 Port State Control inspections of foreign ships under the Paris Memorandum of Understanding on Port State Control.

We carried out over 3,900 surveys this year on ships on the UK Ship Register. The surveys focus on ship management, and operating systems.

### Maritime audit

We continue to carry out hands-on surveys and inspections by our own surveyors to ensure we retain our practical skills and authority. We delegate up to 85% of our statutory survey work to the UK authorised Classification Societies and for smaller Code Vessels to Certifying Authorities.

We successfully introduced new monitoring arrangements of Certifying Authorities in 2007 and we continue to develop and enhance our risk-based monitoring arrangements for Classification Societies, holding 14 individual British Committee meetings and two British Certification Committee meetings in 2007-08.

We have a focused package of audits including International Safety Management Code, International Ship and Port Facility Security Code and ISO standard audits. These ensure that MCA Quality Assurance is accredited to certify shipping companies' Quality Management Systems to ISO 9001:2000 and Environmental Management Systems to ISO 14001:2004 standards.

The Red Ensign Group (REG, a group of 12 UK Crown Dependencies and Overseas Territories that maintain ship registers of various sizes) is the responsibility of the Agency on behalf of the Secretary of State. We carry out a programme of annual monitoring visits to ensure the REG maintain its quality and compliance with UK policies, international conventions and standards.

In 2007-08 we conducted monitoring visits to the Isle of Man Shipping Register, the Jersey and Guernsey Registers and the Turks and Caicos Islands. Work continues on the upgrading of the British Virgin Islands (BVI) Shipping Registry and legislative approval is expected to be achieved by June 2008.



The Agency organises an annual conference to discuss issues of common interest and to maintain a corporate identity amongst REG members. In June 2007 the REG conference was held in Guernsey where the key theme was Casualty and Accident Investigation which will be followed up at the 2008 meeting. There were discussions on policies and technical issues about regulations, marine safety, pollution prevention and the welfare of seafarers for ships in and visiting REG.

#### Maritime security

We approve and check plans of cargo ships on the UK Ship Register by issuing International Ship Security Certificates (ISSC), whilst the security arrangements of passenger ships and UK ports are subject to approval by DfT's Transport Security and Contingencies Directorate (TRANSEC). Cargo ships in UK ports are checked by our surveyors to ensure they comply with the International Ship and Port Facility Security (ISPS) Code. Security issues under chapter XI-2 of the International Convention for the Safety of Life at Sea (SOLAS) and the ISPS Code have been agreed between us and TRANSEC through a Memorandum of Understanding.

#### The human element in shipping

As many as 80% of maritime accidents have been attributed to human error in design, build, maintenance or operation. We continue to work with industry through our Human Element

Advisory Group (HEAG) focusing on areas of greatest risk, and bringing a consolidated view to the IMO.

The Human Element Assessment Tool for Ships (HEAT-S) remains popular with over 200 requests for information or training. The self assessment tool encourages a proactive approach rather than compliance alone. We are currently developing a similar tool for ship operating companies.

Over the coming years we intend to improve safety management in the industry by looking at behavioural issues and improving the understanding and practical application of this complex subject.

#### The International Safety Management (ISM) Code

Maritime pollution prevention and safety management are at the heart of the ISM Code success. The UK led the EU effort to enable the IMO to publish guidelines on the training and competence of Designated Persons, the safety management specialist who links the company and its fleet. Work is also continuing on improving the ISM documentation and audit. By the end of 2008, to meet EU obligations, we shall be extending ISM to certain domestic passenger and cargo ships currently not required to have ISM certification.

#### Reviewing the safety of different types of ships

##### Inland waterway vessel standards

We are working towards the implementation of EU Directive 2006/87/EC which lays down technical requirements for inland waterways vessels. This will make it easier for UK vessel operators to take their vessels to other EC Member States, but will not affect vessels that operate only in the UK. There are future plans to introduce a separate set of National Standards for commercial and non-passenger vessels on UK inland waterways.

##### High speed craft (HSC)

We contributed to the revision of the High Speed Craft Code resulting in the IMO adopting the amendments in December 2006, which are due

to come into force in 2008. We are currently preparing guidance on the new Code.

## Passenger ships

### *Domestic*

Work has continued on the Domestic Passenger Ship Regulatory Review. This major project is undertaking a comprehensive review of the regulatory framework that domestic passenger ships operate in. The aim is to rationalise and streamline existing regulations to provide clear guidance for domestic passenger ship operators.

Work has started on the technical standards for sea going ships of under 24m. We are currently also considering comments from an informal industry consultation on a Code for Passenger Ships operating in UK Categorised Waters.

### *International*

We continue to contribute to discussions at the IMO about the safety of passenger ships on international voyages, and the stability and sea keeping characteristics of damaged passenger ships in a seaway when returning to port by their own power or under tow. We continue to discuss the practical issues for implementing the IMO's adopted damage stability requirements for implementation from January 2009.

## Fishing vessels

We highlight methods for improving safety and safety awareness through the Fishing Industry Safety Group (FISG). The FISG provides a platform to share information on new codes, new regulations, and general safety advice. Over the next three years we will work closely with the fishing industry to promote a safety culture, particularly for smaller fishing vessels. This will combine education, training, advice and inspection to encourage fishermen to be more aware of the need for safe working practices and wearing buoyancy aids.

This year we published a revised Code of Practice for under 15 metre fishing vessels and later in 2008-09 we intend to publish a revision of the 15-24 metre and over 24 metre codes.

## Enforcement

We respond to any contravention of the merchant shipping or MARPOL legislation which could, or has, caused loss of life, serious injury, significant pollution damage to property or the environment. This year we have investigated 129 new cases with 36 resulting in a notification of concern, a formal caution, or prosecution. Other cases are still ongoing, or have been passed to other authorities for closure, or have resulted in no further action. For further details please go to [www.mcga.gov.uk/c4mca/prosecutions07.htm](http://www.mcga.gov.uk/c4mca/prosecutions07.htm)

## Seafarer training and certification

### Training for UK seafarers

The UK's future maritime expertise depends upon attracting into the industry and training the next generation of young British seafarers. We provide tax incentives and subsidies for training expenses and currently have over 1,600 Officer Trainees under training, including 854 cadets who, were recruited in the 2007-08 year. 439 Officer Trainees have enrolled on the new Foundation Degree programme since it launched in September 2006 as part of a redesign of the UK training structure.

During 2007-08 we issued 3,057 Certificates of Competency and managed £10.6m of funding for seafarer training under the Seafarer Maritime Training (SMarT) scheme. We work closely with the Merchant Navy Training Board (MNTB) to agree and set appropriate standards of training for Merchant Navy seafarers. We recognise exceptional cadets through the MCA Officer Trainee of the Year award. The 2008 winner was Jenny Hibbert, nominated by Warsash Maritime Academy. Jenny had completed the first two stages of her cadetship with the charity OM Ships International by supplementing SMarT funding through her own means. She made a significant contribution to her class and continued to show excellence in personal achievement whilst completing her cadetship with Sealion Shipping and Safe Ship Training Group.

## Navigation

### Vessel traffic management

New routing measures in the Sunk Precautionary Area and the Minches, and amendments to the Deep Water Route to the west of the Hebrides and Off Botney Grounds Traffic Separation Scheme (TSS) in the southern North Sea were implemented in July 2007. A joint submission, with France and Belgium, was put to the IMO in July 2007 proposing amendments to the Dover Strait and adjacent waters TSS in the vicinity of the Foxtrot 3 Station. The proposal was adopted by the Maritime Safety Committee in October 2007 and will come into effect on 1 July 2008.

The report has been received for the Future Vessel Routing and Traffic Management Study for UK Waters, which was commissioned to help us meet our obligations under SOLAS to develop and maintain ships' routing systems. The report is being considered and its findings should help inform decisions for future navigational safety around the UK.

Over the next three years we will develop a longer-term strategy for vessel traffic management. This may include investigating the need, in certain geographical areas, for Vessel Traffic Services (VTS) through information, navigational assistance or traffic organisation. Our technology is already well placed to support this work.

We work with port authorities to achieve improved consistency, quality and communication of information on UK VTS. We will be publishing an annual Marine Information Note advising industry of the availability of VTS Training Courses. There are formal arrangements in place to provide VTS on our behalf in the Eastern Solent and Bristol Channel. We are currently developing a Memorandum of Understanding with the Port of Belfast to extend their existing VTS beyond port limits.

The Sunk VTS, in the outer Thames Estuary, was suspended on 1 July 2007 due to contractual

issues with the service provider at that time. This action coincided with the entry into force of new IMO-adopted traffic routing measures in an extended Sunk Precautionary Area. Current indications are that there is a high level of compliance with the new routing measure, however, discussions are being held with key stakeholders on future VTS arrangements.

We continue to work toward the full implementation of the EU Vessel Traffic Monitoring and Information System Directive. We completed a detailed European Commission questionnaire in late 2007 that advised of the UK progress in implementing the Directive. A comprehensive report detailing how Member States have implemented the Directive must be delivered to the EC by December 2009.

### Consolidated European Reporting System (CERS)

The UK continues to work on developing and implementing the Consolidated European Reporting System (CERS), which will report to the EU-wide system SafeSeaNet. This follows the EU Directive requirement for Member States to work with the European Commission and co-operate on data exchange by implementing a system to capture and transmit information in such areas as ship movements, dangerous/polluting cargoes, vessel safety and security information and the disposal of waste within European waters. The CERS went 'live' across the UK on 19 December 2007 and it is planned to be fully integrated with SafeSeaNet during the course of 2008. CERS is underpinned by a single vessel database (SVD) which consolidates vessel information held by the Agency. Other Agency corporate systems such as the Ship Inspection and Survey system (SIAS), e-Forms Certificate database and the Fleet Management System (FMS) are scheduled to be incorporated within the SVD during 2008-09.

### Offshore Renewable Energy Installations (OREI)

We fully support the Government's desire to increase energy generation through OREIs. We recognise that they may be a contributing

factor to the competition for sea-space which has to be managed carefully, especially in order to maintain navigational safety for merchant ships, fishing vessels and recreational craft. Routing, TSSs, VTS and hydrography and charting are all components which we apply to this management of safety. The Department for Business, Enterprise and Regulatory Reform which has responsibility for the issue of consents, consults us on navigational safety aspects of proposals to develop offshore wind farms and other OREI. We have raised objections to most wind farm developments because the proposals lacked arrangements to deal with SAR, counter pollution and salvage incidents. Toward the end of 2006 it was decided to accept a suitably worded consent condition to allow developers to progress their schemes. Since then seven offshore wind farms have been consented subject to these conditions, namely London Array (Thames Estuary), Ormonde (Morecambe Bay), Greater Gabbard (Thames Estuary), Thanet (North East Kent Coast), Walney (Morecambe

Bay), Teeside North (North East) and Gunfleet Sands II (Thames Estuary).

In addition, the South West Wave Hub (North Cornish coast) received conditional consent in September 2007. Following consultation with stakeholders, we are submitting to the IMO a proposal for the extension of the Land's End TSS as a mitigation measure to address some of the navigational safety concerns.

### E-Navigation

We continue to provide technical support to DfT Ports Division which acts as co-ordinator of an IMO E-Navigation Correspondence Group on behalf of the UK. Interim reports were submitted to the IMO NAV and COMSAR Sub-Committees during 2007 and the final report of the Correspondence Group is due to be presented to the NAV Sub-Committee in July 2008. The committee will discuss future developments of E-Navigation in July for the consideration of the Maritime Safety Committee in Nov 2008.



A new Long Range Identification and Tracking (LRIT) on-line system is currently under development. LRIT has the potential to improve our response to incidents. Being a satellite-based system it has a much longer range than AIS and the data derived from LRIT transponders on board ship will only be available to authorised recipients such as governments and Search and Rescue agencies. LRIT could be a future cornerstone of E-Navigation and is being viewed within the EU as a potential extension of the European Vessel Traffic Monitoring and Information System Directive.

### Hydrography

We are responsible for the day to day management of the Civil Hydrography Programme (CHP). The Programme supports the safety of navigation in UK waters by collecting seabed survey data that is used to keep UK nautical charts and publications up-to-date. This year we have made available mapping images of bathymetric multibeam surveys for download from our website. For information on results of surveys and downloads go to [www.mcga.gov.uk/c4mca/mcga-dqs-hmp-hydrography.htm](http://www.mcga.gov.uk/c4mca/mcga-dqs-hmp-hydrography.htm)

This year we have achieved significant efficiencies and reduced the duplication of survey effort UK-wide by working closely with other government organisations through co-operative joint-funding agreements. We hosted a forum in Southampton in February 2008 where many other government bodies involved in hydrographic data-gathering were able to present their future survey programmes and identify where co-operation could be achieved. The event was so successful in providing a platform to co-operate and share ideas that it will now be an annual event.

### Maritime Safety Information (MSI)

The prime method of informing those at sea or intending to go to sea about Gale Warnings, Strong Wind Warnings, Sea Area Weather

Forecasts, Inshore Forecasts, Navigational Warnings, Submarine Exercises (Subfacts) and Gunnery Exercises (Gunfacts) is by NAVTEX (518 kHz), which provides coverage out to 270 miles. This service is complemented by radio telephony and, with its network of remote radio sites around the coast of the UK, HM Coastguard provides VHF and MF coverage out to 30 miles and 150 miles respectively. An enhanced service providing four new inshore waters forecasts with outlooks was recently introduced and are broadcast every six hours and repeated after three hours together with any gale warnings and strong wind warnings. The provision of MSI is continually being reviewed through stakeholders in the MSI Group to improve the service and forge closer ties between the Agency, the customer and the Met Office. An example of an ongoing initiative is the introduction of Coastal Weather Reports on the NAVTEX 490kHz Service.

### Technical standards

We continue to develop technical standards for the Galileo satellite positioning system and the Integrated Navigation/Bridge Systems standards are nearing completion. Work is continuing on encouraging a more flexible system of annexes to the Marine Equipment Directive (MED) so that equipment standards, when updated, can be implemented in real time. A new technical standard for maritime radar is due to take effect on 1 July 2008. We have been heavily involved in the standard and continue to liaise with EU Member States on its implementation through the MED.

### Radio spectrum efficiency

We continue to work with the radio regulator, Ofcom, and maritime stakeholders to progress commitments placed on us by the Independent Audit of Spectrum Holdings (sometimes referred to as the 'Cave Audit'). The Agency and other public sector spectrum users continue to work on spectrum policy development to ensure that safety remains paramount.



## Cleaner Seas

**‘We have a comprehensive response procedure to deal with any emergencies at sea that cause pollution, or threaten to cause pollution.’**

We aim to reduce pollution from shipping and the effects of such pollution on our waters, coastlines and economy. We have a comprehensive response procedure to deal with any emergencies at sea that cause pollution, or threaten to cause pollution.

### Pollution prevention

We have an excellent team of experts responsible for our pollution response that include Counter Pollution & Salvage Officers (CPSO), mariners, scientists, a cost recovery specialist, and logistics support specialist. We also have specialist Emergency Towing Vessels (ETVs) strategically located at the four corners of the UK to tow or escort any ships in difficulty.

The UK continues to lead on the work to develop the safe and environmentally friendly disposal of old vessels through the IMO’s International Ship Recycling Convention. We additionally work with the ILO/IMO/UNEP working groups on the issue and provide technical expertise to DEFRA and MOD.

We are currently drafting legislation to implement revisions to Annex I (Regulations for the Prevention of Oil Pollution from Ships) and II (Regulations for the Control of Pollution by Noxious Liquid Substances) of the Marine Pollution Convention (MARPOL). We are currently consulting with the public on the regulations to implement Annex IV (Prevention of Pollution by Sewage from Ships) and

amendments to Annex V (Regulations for the Prevention of Pollution by Garbage from Ships) of MARPOL, and will be implementing these later this year, along with Annex VI (Regulations for the Prevention of Air Pollution from Ships) and the marine elements of the Sulphur Content of Liquid Fuels Directive.

Regional guidelines for ballast water exchange have been developed and were available for use from 1 April 2008. Further guidance aiming to reduce the threat from invasive organisms in ballast water in North West Europe will be developed later this year.

In advance of the UK’s accession to the IMO’s Oil Pollution Preparedness, Response and Co-operation (OPRC)-Hazardous Noxious Substances (HNS) Protocol we have updated and enhanced the response capability of our National HNS Response Team. This will improve contingency planning and response to HNS incidents in ports, harbours and at sea.

We continue to provide technical training to local authorities with the provision of technical training for responding to pollution incidents which includes the mobilisation of Government stockpiles in support of the training activities.

### Receiver of Wreck

The Agency’s Receiver of Wreck is responsible for the administration of Merchant Shipping legislation relating to wreck and



salvage, specifically with the investigation of claims to ownership of recovered wreck, researching wreck information, the negotiation and settlement of salvage claims and the return of recovered property to the rightful owner or to a relevant museum.

During the last 12 months, the Receiver of Wreck's work has been dominated by high profile incidents including the grounding of the container ship *MSC Napoli*, off the Devon coast, and the timber ship *Ice Prince* which was lost in the English Channel. The Receiver's primary role in both incidents was to deal with non-contractual salvage undertaken by members of the public. Particular cases include BMW motorbikes recovered from the *MSC Napoli* and timber recovered from beaches along the South Coast following the loss of the *Ice Prince*.

Following the *MSC Napoli* incident we implemented a new procedure which allows the Receiver of Wreck to use powers set out in the Merchant Shipping Act to empower Police Authorities to act as representatives of the Receiver. This means that police officers are able to use these powers to help deal with large-scale incidents such as the *Ice Prince* timber. It enables police officers to require the immediate handover of wreck material recovered by members of the public.

## Pollution response

This year there were several high profile incidents.

### *MSC Napoli*

One year on and all 2,300 containers have been removed from the *MSC Napoli* along with 3,500 tonnes of fuel oil. Only a relatively small amount of oil was released from the ship and the overall environmental impact was negligible. Having removed all of the oil and containers, a decision was needed on how best to deal with the disposal of the ship. The structural damage was too severe to remove the *MSC Napoli* intact. Instead it was determined that the larger more stable bow section could be towed away from Lyme Bay and in August 2007 we separated the *MSC Napoli* in two through the use of explosive charges attached to the ship's hull. The bow section was then floated to Belfast for dismantling. A substantial part of the stern section, including the accommodation block, was cut away over the period from October to December 2007 and taken to a recycling facility.

Hugh Shaw, SOSREP from January 2008, has decided to remove the remainder of the stern by using explosives to weaken the structure. This will then allow it to be cut into smaller pieces to take away for recycling. The process is expected to take five months and started in May 2008.

The *MSC Napoli* incident presented a unique set of challenges for the Agency. It is thanks to the efforts of SOSREP, as well as all of those who have been involved in the salvage and recovery operation, that the impact on the environment has been far less severe than could otherwise have been the case. Yet even with successful operations such as the *MSC Napoli*, there are always lessons to be learnt. We will be looking at how aspects of the salvage and the ongoing disposal of the *MSC Napoli* have been handled and how improvements could be made to our approach to any future incidents. We have already put new internal procedures in place to speed up communications and the allocation of resources.



The MAIB have carried out a full investigation into the causes of the structural damage and the results are available on their website [www.maib.gov.uk](http://www.maib.gov.uk)

#### *Ice Prince*

In January 2008 the Greek registered ship, the *Ice Prince*, lost power off the Devon coast near Portland. The ship was listing 25-35 degrees to port following a shift of her cargo of sawn timber. The list increased to 40 degrees and it was decided to evacuate all crew by helicopter and lifeboat. A salvage team attempted to board the ship to tow it to a position of safety, however due to poor weather conditions and the increasing listing of the ship it was too dangerous to do so. The following morning the *Ice Prince* sank. SOSREP liaised with the French maritime authorities throughout the incident.

There was an estimated 2,000 tonnes of timber of different sizes lost when the *Ice Prince* sank. Timber was washed up on the beaches along the south-east coast from the Isle of Wight to Eastbourne.

An investigation into the incident will be carried out by the Greek Maritime Authority.

#### *Riverdance*

Due to extreme weather conditions on 31 January 2008 the roll-on/roll off cargo ship, the *Riverdance*, grounded on Blackpool beach.

The Bahamas registered vessel was on route from Warren Point in Northern Ireland to Heysham, Lancashire when it began listing severely in winds gusting to Force 10. The 14 Passengers and non essential crew were airlifted to safety, leaving the remaining nine crew members onboard. The crew were later evacuated as they were unable to improve the stability of the ship and refloat her due to increasingly bad weather conditions.

The *Riverdance* sustained heavy damage and grounded on the North Shore in Blackpool. Plans to reduce the list and to refloat the vessel have been continually hampered by storm force winds and high seas. Contractors continued to clear cargo or debris washed ashore from the vessel after access to the main deck had been breached by the heavy seas. After careful evaluation SOSREP concluded that salvage was impractical and the ship will be dismantled in situ.



# Financial Review for the Year

## Accounts Direction

These are the Maritime and Coastguard Agency's (MCA) audited accounts, which 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.

## Financial Summary

The MCA is funded by the DfT Request for Resource 1 Line B (RfR1B). During the 2007-08 financial year the Agency's net operating cost was £130,200,000 as detailed within the Financial Statements, being the cost of undertaking the Agency's statutory, ministerial and international obligations and responsibilities whilst remaining within the approved resource expenditure budget.

The MCA continues to invest in fixed assets supporting operational requirements, both maintaining and improving the asset base, to the value of £10.6million during the financial year. The investment spending included significant items such as the implementation of a vessel movement monitoring and reporting system, and the completion of construction of a helicopter base at Lee on Solent.

## Internal Controls

The importance of satisfactory internal controls is recognised and the effectiveness of such internal controls has been reviewed, and the disclosures made in the Financial Statements are in accordance with HM Treasury's guidance on corporate governance. Internal audit services are provided by the DfT's Audit and Risk Assurance Division, which has concluded that our control systems are operating effectively.

## Pension Liabilities

Past and present employees, including those on fixed term appointments, are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS).

## External Auditors

The statutory audit of our Financial Statements is undertaken by the Comptroller and Auditor General under the provisions of the Government Resources and Accounts Act 2000. The cost of audit services for the financial year ending 31 March 2008 was £63,000. Costs for other services provided by the NAO were nil.

## Disclosure of Audit Information to the MCA Auditors

So far as the Accounting Officer is aware, there is no relevant audit information of which the MCA auditors are unaware.

The Accounting Officer has taken all necessary steps to make himself aware of any relevant audit information, and to establish that the MCA auditors are aware of that information.

# Remuneration Report

## Remuneration Policy

The remuneration of Senior Civil Servants who sit on the MCA's Executive Board is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

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 at [www.ome.uk.com](http://www.ome.uk.com)

Executive directors of the MCA who are not Senior Civil Servants receive progression pay awards and performance related pay awards linked to the Annual Performance Appraisal process in common with other employees of the Agency.

Fees for Non Executive Directors are negotiated under the terms of their appointment, as approved by the MCA Chief Executive.

## Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach retirement age. 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 Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

## Remuneration and Pension Entitlements (Audited)

The remuneration of the members of the Executive Board, in their capacity as executive or non-executive directors of the MCA, fell within the ranges shown:

	2007-08		2006-07	
	Salary £'000	Benefits-in-Kind to nearest £100	Salary £'000	Benefits-in-Kind to nearest £100
<b>Peter Cardy</b> Chief Executive (from 29 May 2007)	105 - 110 (125 - 130 full year equivalent)	0	N/A	N/A
<b>John Astbury</b> Acting Chief Executive (until 28 May 2007)	20 - 25 (100 - 105 full year equivalent)	0	95 - 100	100
<b>Paul Jackson</b> Director	75 - 80	0	75 - 80	0
<b>Neil Goodall</b> Director	65 - 70	0	65 - 70	0
<b>Richard Parkes</b> Director	70 - 75	0	75 - 80	0
<b>Alison Thorne-Henderson</b> Director	65 - 70	0	65 - 70	0
<b>Alan Fairney</b> Director (until 31 March 2008)	70 - 75	0	70 - 75	0
<b>Bob Banham</b> Non-Executive Director	10 - 15	0	10 - 15	0
<b>Julian Lee</b> Non-Executive Director	5 - 10	0	5 - 10	0
<b>Nigel Palmer</b> Non-Executive Director (from 18 July 2007)	5 - 10 (10 - 15) full year equivalent)	0	N/A	N/A

## Remuneration

Remuneration includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances, ex-gratia payments and any other allowance or payment to the extent that it is subject to UK taxation. This report is based on payments made by the MCA and recorded in these accounts.

The remuneration (excluding pension contributions) of the Chief Executives was Peter Cardy, appointed as Chief Executive from 29 May 2007, £108,000, and John Astbury, Acting Chief Executive until 28 May 2007, £21,481: (2006-07: John Astbury, £99,857). Peter Cardy was the highest paid Executive Board member, and was an ordinary member of the Principal Civil Service Pension Scheme.

## Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. Remuneration of MCA Executive Board members includes the value of taxable benefits in kind.

## Civil Service Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but MCA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2007-08, employers' contributions of £6,202,268 were payable to the PCSPS (2006-07 £6,009,672) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2009.) The contribution rates are set to meet the cost of the benefits accruing during 2007-08 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 £35,541 (2006-07: £22,400) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3.0% to 12.5% of pensionable pay. Employers also match employee contributions up to 3.0% of pensionable pay. In addition, employers also contribute a further 0.8% of pensionable pay to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no outstanding contributions due to the partnership pension providers, nor prepaid contributions, at 31 March 2008.

## Pension Benefits (Audited)

The pension details of the members of the Executive Board, in their capacity as directors of the MCA, were as follows. None of the non-executive directors has 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 and related lump sum as at 31 March 2008	Real increase in pension and related lump sum at pension age	Cash Equivalent Transfer Value at 31 March 2008	Cash Equivalent Transfer Value at 31 March 2007	Real increase in Cash Equivalent Transfer Value
	£'000	£'000	£'000	£'000	£'000
Peter Cardy Chief Executive (from 29/05/07)	0 - 5	0 - 2.5	45	7*	34
John Astbury Acting Chief Executive (until 28 May 2007)	35 - 40 plus lump sum of 110 - 115	0 - 2.5 plus lump sum of 0 - 2.5	849	866	3
Paul Jackson Director	10 - 15 plus lump sum of 40 - 45	0 - 2.5 plus lump sum of 0 - 2.5	284	233	14
Neil Goodall Director	5 - 10	0 - 2.5	156	122	8
Richard Parkes Director	10 - 15	0 - 2.5	164	129	12
Alison Thorne- Henderson Director	5 - 10 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of -2.5 - 0	120	91	6
Alan Fairney Director (until 31 March 2008)	10 - 15 plus lump sum of 90 - 95	-2.5 - 0 plus lump sum of 47.5 - 50	376	292	47

\* as at the end of May 2007

## Cash Equivalent Transfer Values (CETV)

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 as a director of the MCA to which disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## Real Increase in CETV

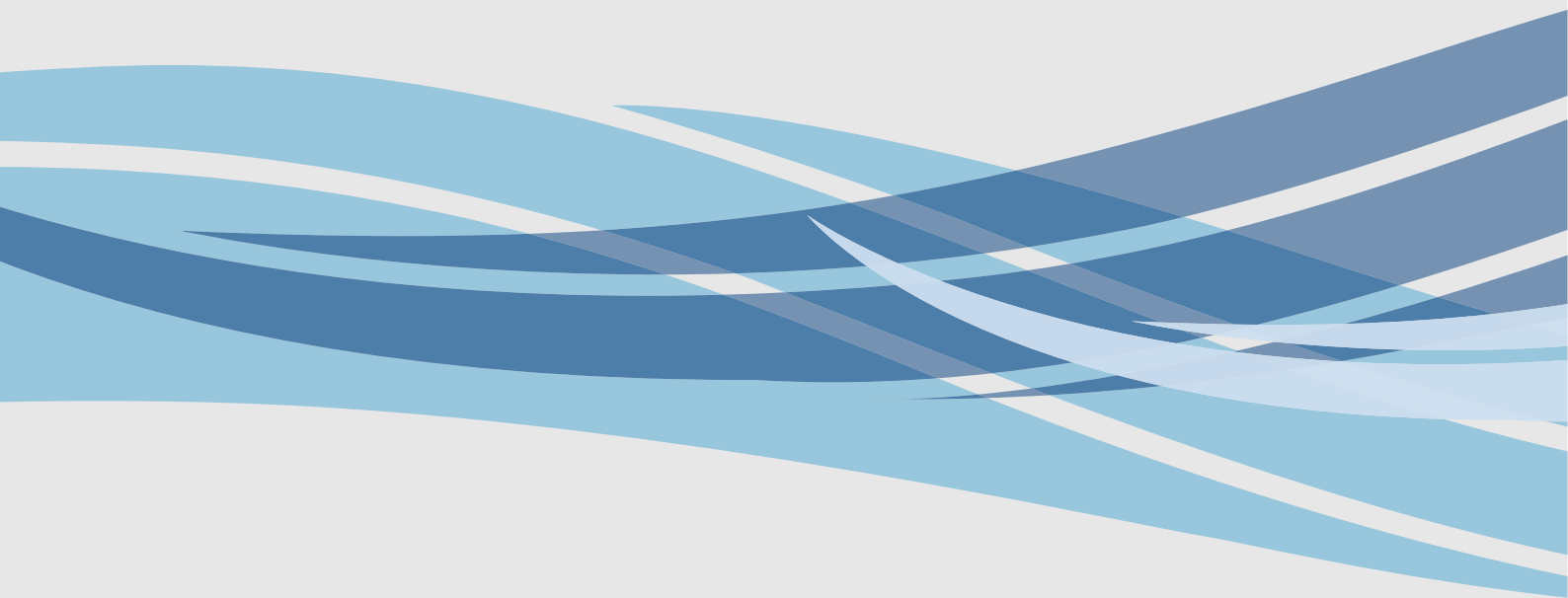
This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Compensation for Loss of Office

John Astbury left on Voluntary Early Retirement under Compulsory Early Retirement Terms on 31 May 2007. He received immediate payment of his pension and associated lump sum plus a compensation payment of £26,210.

**Peter Cardy**  
**Chief Executive**  
**27 June 2008**

**Annual Accounts of the  
Maritime and Coastguard Agency  
for the Year Ended 31 March 2008**





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## Statement of Accounting Officer's Responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed the Maritime and 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 operating cost, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply 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 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 former Accounting Officer of the Department for Transport, Sir David Rowlands, designated the Chief Executive of the Maritime and Coastguard Agency, Peter Cardy, as Accounting Officer from 29 May 2007. 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 MCA's assets, are set out in the Agency's Framework Document and the Accounting Officer's memorandum, issued by HM Treasury and published in the Financial Reporting Manual.

# Statement on Internal Control

## 1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the MCA's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

- The MCA's relationship with its parent Department – the Department for Transport (DfT) – is described in a Framework Document authorised by the Secretary of State for Transport in May 2003. This defines the Agency's operating and financial accountability and responsibility. The output from the DfT wide Capability Review will likely suggest ways we can update the Framework Document to reflect an enhanced relationship with the Department.
- An Advisory Board oversees the strategic direction of the MCA, reviews progress towards the achievement of targets and objectives, and monitors how the Agency addresses financial control and risk issues. Its membership comprises a Director General and other senior personnel from the DfT, the Agency's Chief Executive and Finance Director, and two external members.
- Policy papers seeking Ministerial decisions include an analysis of risks and costs.

## 2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of MCA policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they

be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in MCA for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

## 3. Capacity to Handle Risk

- The Agency's approach to risk management is set out in its risk management policy, which was reviewed and updated during 2007-08.
- The Agency's Finance Director champions the cause of Risk Management at the monthly meetings of the Executive Board, where Corporate Risk Management is a standing agenda item. The Executive Board delegates responsibilities for Corporate Risk Management to the Corporate Committee which escalates specific strategic risks to the Executive Board.
- The Risk Management Policy outlines responsibilities across the Agency for Corporate Risk Management.
- During 2007-08, the approach to Corporate Risk Management was altered to ensure that only significant 'here and now' risks to the Agency are captured on the Corporate Risk Register. This new approach was communicated to staff through the internal electronic bulletin and at the MCA national conference.
- The risk management system is reviewed annually in-house as still being fit for purpose, and appropriate revisions are made as approved by the Executive Board and the Corporate Committee. The system is audited on an annual basis by the Audit and Risk Assurance Division of DfT.
- The MCA attended all meetings in 2007-08 of the Risk Improvement Managers Group, which brings together the central department with DfT agencies to discuss latest developments and share best practice in risk management.

#### 4. The Risk and Control Framework

- The key elements of the Agency's risk management strategy are set out in its risk management policy.
- The MCA operates a corporate risk register based on HM Treasury guidance. The corporate risk register is managed dynamically, documenting 'here and now' risks to the Agency. Discussion of risk is encouraged in all team meetings in line with internal quality management requirements.
- The Corporate Committee meets every two months and escalates specific risks to the Executive Board based on set criteria and the Board's established risk appetite across a range of contexts. This gives exposure to heightened risks managed on the Corporate Risk Register and separately-managed specific project or policy based risks.
- In the months when the Corporate Committee does not meet the Executive Board considers a risk report prepared by the Risk Champion and Risk Improvement Manager based upon new significant risks or changes to existing risks on the Corporate Risk Register.
- Operational risk management is carried out at the point of frontline delivery.
- The Agency is accredited to the ISO 9001:2000 quality management standard for which it must demonstrate appropriate risk management awareness and implementation.
- Where significant procurement is involved, the Office of Government Commerce (OGC) risk model is applied, and OGC gateway reviews are undertaken as required.
- Major capital projects are managed through approved project management methodology, e.g. Projects in Controlled Environments (PRINCE 2). Project risk is assessed using the OGC Gateway Risk Potential Assessment model, and project risk registers are maintained for major capital projects.
- Public stakeholders are involved in the extensive consultation process that precedes changes in maritime policy and regulation, and the impact of health and safety regulations at the Agency's interface with the public, e.g. during search and rescue (SAR) operations, is kept under review.
- The Agency recognises the importance of health and safety in the workplace, and its Occupational Health and Safety (OHS) Policy statement is displayed prominently throughout the Agency's buildings.
- The Agency has an Internal Control Assurance Questionnaire (ICAQ) that each Executive Director and Regional Director completes. The ICAQ is completed on a quarterly basis and it provides an assurance about the effectiveness of the system of internal control and how the Agency best manages the principal risks to the organisation, identifying any significant weaknesses which need to be addressed.

#### 5. Data Handling

The Agency works with the Department's Data Sharing team so appropriate controls are in place for the sharing of MCA data. The Agency complies with the Data Protection Act 1998 and has processes in place for the transfer of data on removable media and safe disposal of classified or sensitive waste. An advice note on data handling has been issued to all staff that provides guidance on measures that all users of portable devices in the MCA must take so that data is kept secure.

## 6. Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the MCA who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Executive Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

### Advisory Board

The membership of the Agency's Advisory Board, and its contribution to the Agency's internal control system are set out elsewhere in this SIC.

### Executive Board

Membership of the Executive Board in 2007-08 included three non-executive and six executive directors. From 2008-09 there will be four executive directors. The non-executive directors are also members of the Audit Committee and two are members of the Advisory Board. All members of the Executive Board receive a copy of the Audit Committee minutes, and an update is given to the Executive Board following Audit Committee meetings. Risk management for corporate governance is a standing agenda item at all Executive Board and Corporate Committee meetings. Papers for these management groups include consideration of risk issues.

### Audit Committee

The Audit Committee has an independent chairman and attendees representing the functions of the Agency and outside audit stakeholders. The terms of reference are in accordance with the HM Treasury's Audit Committee Handbook and the HM Treasury Code of Good Practice for Corporate

Governance in Central Government. Internal control, risk management, and audit plans and reports are standing agenda items.

### Corporate Committee

Membership of the Corporate Committee during the year comprised of regional directors, deputy directors and other senior managers. Its terms of reference were to support the Executive Board to achieve the Agency's strategic direction and high level goals, to develop targets and indicators in support of such goals, and to monitor performance against agreed targets and indicators. The Committee has a responsibility to discuss Strategic Risk either captured on the existing Corporate Risk Register or managed separately as part of a specific project or policy area. The Corporate Committee must consider the effectiveness of the mitigation in any risk with increased exposure and decide whether it should be escalated to the Executive Board for visibility with a recommendation for any controls the Corporate Committee require the Executive Board to authorise.

### Internal Audit

DfT Audit and Risk Assurance (ARA) operates to the standards defined in the Government Internal Audit Standards. The work of ARA is informed by an analysis of the risks to which the Agency is exposed, and the annual internal audit programme is based on this analysis. Annually, the DfT Audit and Risk Assurance manager responsible for the MCA provides a report on internal audit activity in the Agency. This report includes his independent opinion on the adequacy and effectiveness of the Agency's system of internal control, together with recommendations for improvement. In 2007-08 the annual audit opinion read as:

'I can provide substantial assurance that the Maritime and Coastguard Agency's established risk management, control and governance arrangements are operating in a generally effective manner. Substantial progress has been made during 2007-08 to improve MCA's

risk management processes and procedures, but more remains to be done to embed the framework beneath the corporate level. Furthermore, whilst control arrangements are largely robust, some weaknesses and opportunities to improve working practices were identified during the year. However, we found no evidence to indicate that the control environment had been impaired by the major change programme involving the re-organisation of the Agency and the preparations for Shared Services, or by the disruption caused by the ongoing industrial action.

This overall opinion is supported by the following key considerations:

- Risk Management – substantial assurance; improvement over 2006-07. The management of risk at corporate level has improved significantly during 2007-08 and is now consistent with public sector good practice. However, further work is required to embed risk management practices more securely at operational levels to ensure risks are managed more consistently across the Agency, and to roll out appropriate risk training to staff.
- Internal Controls – substantial assurance; consistent with 2006-07. Internal Controls are generally operating effectively, although the level of control needs to be enhanced in some areas to reduce exposure to particular risks and to strengthen the control environment. Most notably, our work during the year identified instances where controls were not being applied consistently and compliance with documented procedures needed to be improved.
- Corporate Governance – substantial assurance; consistent with 2006-07. The Agency's governance framework is sound and complies with Treasury's Corporate Governance Code of Good Practice. The arrangements are now being enhanced as part of the Agency's major re-organisation to

ensure they remain appropriate to the needs of the organisation and put the Board in an optimal position to manage future challenges.

#### Risk Improvement Managers (RIMs)

The Agency has two RIMs looking after corporate and safety risks respectively. They work closely with the risk champion on the Executive Board to keep the Agency's risk management processes under regular review, developing them as fit for purpose and reflecting current practice in risk management.

**Peter Cardy**  
**Chief Executive**  
**27 June 2008**

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

I certify that I have audited the Financial Statements of the Maritime and Coastguard Agency for the year ended 31 March 2008 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These Financial Statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective Responsibilities of the Agency, the Chief Executive and the Auditor

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the Financial Statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the Financial Statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Chief Executive's Foreword, Setting the Scene, Management Commentary, Financial Review for the Year and

the Remuneration Report, is consistent with the Financial Statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises the Chief Executive's Foreword, Setting the Scene, Management Commentary, Financial Review for the Year and the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Financial Statements. My responsibilities do not extend to any other information.

## Basis of Audit Opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the Financial Statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant

estimates and judgments made by the Agency and Chief Executive in the preparation of the Financial Statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Financial Statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the Financial Statements and the part of the Remuneration Report to be audited.

## Opinions

In my opinion:

- the Financial Statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and the directions made thereunder by HM Treasury, of the state of the Maritime and Coastguard Agency's affairs as at 31 March 2008 and of the net operating cost, recognised gains and losses and cash flows for the year then ended;
- the Financial Statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- the information given within the Annual Report, which comprises the Chief Executive's Foreword, Setting the Scene, Management Commentary, Financial Review for the Year and the Remuneration Report, is consistent with the Financial Statements.

## Opinion on Regularity

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

## Report

I have no observations to make on these Financial Statements.

**T J Burr**  
**Comptroller and Auditor General**  
**National Audit Office**  
**151 Buckingham Palace Road**  
**Victoria**  
**London. SW1W 9SS**  
**4 July 2008**



## Financial Statements

### Operating Cost Statement for the year ended 31 March 2008

	Note	2007-08 £'000	2006-07 £'000
<b>Income</b>			
Operating income	[5]	<b>13,868</b>	<b>11,934</b>
<b>Programme Costs</b>			
Staff costs	[2]	(45,891)	(41,113)
Establishment and accommodation costs	[3]	(31,990)	(28,763)
Other programme costs	[4]	(66,187)	(63,073)
		<b>(144,068)</b>	<b>(132,949)</b>
<b>Net Operating Cost for the Financial Year</b>	<b>[15]</b>	<b>(130,200)</b>	<b>(121,015)</b>

All income and expenditure are derived from continuing operational activities.

### Statement of Recognised Gains and Losses for the year ended 31 March 2008

	Note	2007-08 £'000	2006-07 £'000
Unrealised (deficit)/surplus surplus on revaluation of fixed assets	[16]	(589)	103
Recognised loss on prior period adjustment re financing from the Consolidated Fund		0	(2,732)
<b>Recognised Losses for the Financial Year</b>		<b>(589)</b>	<b>(2,629)</b>

Accounting policies and notes forming part of these accounts are on pages 52 to 71.

## Balance Sheet as at 31 March 2008

		31 March 2008		31 March 2007	
	Note	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Intangible assets	[7]	4,968		2,523	
Tangible assets	[8]	53,871		52,431	
			<b>58,839</b>		<b>54,954</b>
<b>Current Assets</b>					
Stocks	[10]	2,356		2,096	
Debtors	[11]	5,464		7,608	
Cash at bank and in hand	[12]	730		250	
		<b>8,550</b>		<b>9,954</b>	
<b>Current Liabilities</b>					
Creditors	[13]	(14,295)		(12,803)	
Bank overdraft	[12]	0		(1,705)	
		<b>(14,295)</b>		<b>(14,508)</b>	
<b>Net Current Liabilities</b>			<b>(5,745)</b>		<b>(4,554)</b>
<b>Fixed Assets less Net Current Liabilities</b>			<b>53,094</b>		<b>50,400</b>
<b>Provisions for Liabilities and Charges</b>	[14]		<b>(5,045)</b>		<b>(3,919)</b>
<b>Total Assets less Liabilities</b>			<b>48,049</b>		<b>46,481</b>
<b>Taxpayers' Equity</b>					
General Fund	[15]	36,842		36,892	
Revaluation reserve	[16]	11,207		9,589	
	[19]		<b>48,049</b>		<b>46,481</b>

Peter Cardy  
Chief Executive  
27 June 2008

## Cash Flow Statement for the year ended 31 March 2008

		2007-08	2006-07
	Note	£'000	£'000
Net cash outflow from operating activities	[21A]	(117,990)	(109,768)
Net capital expenditure	[21B]	(9,683)	(6,247)
Cash payments to the Consolidated Fund	[21C]	(1,142)	(984)
Net cash requirement		(128,815)	(116,999)
Financing from the Consolidated Fund	[21D]	131,000	114,000
Increase/(decrease) in cash	[12]	<b>2,185</b>	<b>(2,999)</b>

# Notes to the Accounts

## 1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2007-08 Financial Reporting Manual issued by HM Treasury. The particular accounting policies adopted by the Agency are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.01 Accounting Convention

The accounts are prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

### 1.02 Fixed Assets – Intangible

#### Capitalisation

Intangible fixed 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.

#### Amortisation

Amortisation is charged on a straight line basis on each main class of intangible fixed asset as follows:

Software licences	3-5 years
-------------------	-----------

Intangible fixed assets are stated at their cost less accumulated amortisation. Amortisation is charged in the month of acquisition, and none in the month of disposal. Amortisation is not charged for software under development.

### 1.03 Fixed Assets – Tangible

#### Capitalisation

Tangible fixed assets 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.

Bespoke software with a cost of £20,000 or more is capitalised.

#### Valuation

Tangible fixed assets are valued at current cost on the following basis:

- Land and buildings are valued by the Agency's external property management advisors at their 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 has been used.
- Valuations are carried out on a five yearly basis, the latest being undertaken as at 31 March 2005. Because of the variety, location and specialist nature of some of the Agency's property, the use of revaluation indices is considered inappropriate between valuations. The Agency and its external property management advisors undertake a desktop review of a sample of its portfolio of properties and assess a current value to be applied to the estate.

- Other tangible fixed assets are valued on a net current replacement cost basis. Assets are revalued using appropriate price indices published by the Office for National Statistics. Revaluation surpluses and deficits are taken to the revaluation reserve, except where a deficit is considered to be permanent, in which case it is written off in the Operating Cost Statement.

## Depreciation

Depreciation is charged on a straight line basis on each main class of tangible fixed asset as follows:

- Freehold land and assets in the course of construction are not depreciated.
- Freehold buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the Agency's external property management advisors, up to a maximum of 50 years.
- Historic leasehold buildings are depreciated over the primary lease term or the estimated remaining life of the asset, whichever is the lower.
- Equipment is depreciated on current cost over the estimated life of the asset using the following standard lives:

Vehicles, boats and other plant	3-10 years
Communications equipment	5-10 years
IT and office equipment	3-10 years

Tangible fixed assets are stated at their valuation less accumulated depreciation. Depreciation is charged in the month of acquisition, and none in the month of disposal.

### 1.04 Stocks

Stock is valued at replacement cost. These items are held by the Agency for internal use within the business and the use of net realisable value is not deemed appropriate.

### 1.05 Notional Costs

In accordance with HM Treasury's Managing Public Money, notional charges at the appropriate rate are included for cost of capital, audit fees and the services provided by the DfT.

### 1.06 Research and Development

Research and development expenditure is expensed in the year in which it is incurred.

### 1.07 Pensions

Past and present employees, including those on fixed term appointments, are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described in the Remuneration Report. The defined benefit elements of the scheme are unfunded and are non-contributory except in respect of dependents' benefits. The Agency 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 elements of the scheme, the Agency recognises the contributions payable for the year.

### 1.08 Early Departure Costs

Additional pension costs arising from early departures are not funded by the Principal Civil Service Pension Scheme except where departure is due to ill-health. For early departures not funded by the scheme the full amount of the liability for the additional costs is charged to the Operating Cost Statement in that year, regardless of the method of payment. The provision for early departures covers all future commitments to employees who have retired from the Agency and its forebears which will not be met from the Civil Superannuation Funding. The provision is disclosed at Note 14.

### 1.09 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. The accounts include irrecoverable VAT where applicable.

### 1.10 Operating Income

Operating income relates directly to the operating activities of the Agency. It principally comprises fees and charges for services provided, on a full cost basis, to external customers. It includes both income appropriated-in-aid of the Agency's funding and income to the Consolidated Fund, which HM Treasury has agreed should be treated as operating income. Income is stated after deduction of Value Added Tax. Income received in advance of service provision is deferred to match the related expenditure.

### 1.11 Administration and Programme Expenditure

HM Treasury recognises that all of the Agency's activities relate to the delivery of frontline services, hence all income and expenditure is shown as programme costs in the reporting of the Agency's financial results to DfT and HM Treasury.

### 1.12 Cost of Capital Charge

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the Government's standard rate of 3.5% in real terms on all assets less liabilities, excluding balances due to / from the Consolidated Fund and cash balances with the Office of HM Paymaster General (OPG) where the charge is nil.

### 1.13 Foreign Exchange

Transactions are translated into sterling at the exchange rate ruling on the date of each transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated into sterling at the rates ruling on that date. Translation differences are dealt with in the Operating Cost Statement.

### 1.14 Financing from the Consolidated Fund

Outstanding financing from the Consolidated Fund at the end of the financial year is no longer repaid or received in the following financial year, but the balance is carried forward on a rolling basis.

## 2. Staff Costs

The average number of persons employed during the year was:

	2007-08	2006-07
Board members	6	6
Frontline service deliverers and direct support staff	1,017	1,032
Corporate support staff	155	141
<b>Total</b>	<b>1,178</b>	<b>1,179</b>

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

	2007-08	As restated 2006-07
	£'000	£'000
Wages and salaries	33,814	32,310
Social security costs	2,602	2,549
Other pension costs	6,188	5,991
Early departure costs	3,053	125
Agency staff	234	138
<b>Total</b>	<b>45,891</b>	<b>41,113</b>

Staff cost figures for 2006-07 have been re-analysed. The impact of this has been to increase wages and salaries by £58,000 and to reduce social security costs by £17,000 and other pension costs by £41,000.

### 3. Establishment and Accommodation Costs

	2007-08		2006-07	
	£'000	£'000	£'000	£'000
Establishment costs		9,156		8,244
Transport, travel and subsistence		3,481		3,352
Premises and operating leases		9,459		8,488
<b>Non-Cash Items:</b>				
Amortisation of intangible fixed assets	669		531	
Depreciation of tangible fixed assets	5,244		5,577	
Revaluation deficits	2,364		294	
Profit on disposal of fixed assets	(704)		(48)	
DfT support services	601		599	
Cost of capital charge	1,657		1,664	
Audit fee	63		62	
		<u>9,894</u>		<u>8,679</u>
		<b>31,990</b>		<b>28,763</b>

Notional costs are included as follows:

**DfT support services:** These are included to reflect the cost of services provided by other units within the DfT. The amounts are calculated to reflect the full cost of providing these services to the Agency.

**Cost of capital charge:** This is calculated in accordance with note 1.12 to the accounts.

**Audit fee:** This is included for the annual certification audit of the Agency's Financial Statements by the National Audit Office. The auditors received no remuneration for non audit services.



#### 4. Other Programme Costs

	2007-08		2006-07	
	£'000	£'000	£'000	£'000
SAR helicopters		22,756		17,609
Emergency towing vessels		11,254		10,773
Telecommunications		5,360		5,264
Aerial spraying and surveillance		2,019		1,979
Marketing, public relations and printing		1,454		1,842
Membership subscriptions to international bodies		1,411		1,391
Counter pollution		1,062		1,100
Vehicle and boat fleet		744		688
Storage of equipment stockpiles		558		514
Coast rescue equipment		441		491
Uniforms		460		429
Radio surveys, inspections and advisory work		393		344
Research and technical advice projects		307		544
Channel navigation		229		222
Satellite communications		177		266
Maritime Incident Response Group equipment		93		170
Ex-gratia payments		(1,691)		1,181
Other		929		718
<b>Current Grants:</b>				
Assistance for Merchant Navy training	10,835		9,840	
Crew Relief Compensation Scheme	<u>1,184</u>		<u>1,313</u>	
		<u>12,019</u>		<u>11,153</u>
<b>Disbursements:</b>				
Civil hydrography	5,431		5,622	
Weather bulletins and navigational warnings	743		732	
Other services to industry	<u>38</u>		41	
		<u>6,212</u>		<u>6,395</u>
		<u>66,187</u>		<u>63,073</u>

Current Grants: The Agency disbursed grants of £11,838,337, net of administration costs, to the shipping industry in 2007-08 (2006-07: £10,979,779).

Disbursements: The Agency provided services to the shipping industry at a cost of £6,211,212 in 2007-08 (2006-07: £6,395,470), in accordance with Merchant Shipping Acts and international conventions signed by the UK Government.

The hydrographic database is held by the United Kingdom Hydrographic Office (UKHO) and includes the results of civil hydrographic surveys performed by private firms under contract to the Maritime and Coastguard Agency. The database has been formed by information from surveys from different sources built up over many years and is subject to continuous revision. The cost of obtaining UK civil survey data rests with the MCA with which the intellectual property rights remain.

## 5. Operating Income

Although the Agency is funded by central Government it does receive income from the provision of services. An analysis of this income is included below:

	2007-08			2006-07		
	Appropriated in Aid	Not Appropriated in Aid	Total	Appropriated in Aid	Not Appropriated in Aid	Total
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statutory services	7,355	1,109	8,464	6,750	941	7,691
Operational services	261	0	261	1,049	0	1,049
Other services	2,150	0	2,150	1,313	0	1,313
Other income	2,959	34	2,993	1,840	41	1,881
<b>Total</b>	<b>12,725</b>	<b>1,143</b>	<b>13,868</b>	<b>10,952</b>	<b>982</b>	<b>11,934</b>

All income is derived from the delivery of frontline services by the Agency, with the exception of £1,100,891 (2006-07): £82,280) of other income relating to the recharge of expenditure in respect of Agency resources dedicated to the DfT's Shared Services project. This amount is recharged to the central department where it is accounted for as part of the total Shared Services project costs. Operational services income of £261,000 is shown after the reversal of an income accrual, following the re-assessment of a claim for the clearance of offshore pollution as a contingent asset [see Note 23]. All income is appropriated in aid of programme expenditure where this is allowed under Managing Public Money.

## 6. Segmental Analysis

The Agency is required in accordance with HM Treasury's Managing Public Money, to disclose performance results for the areas of its activities where fees and charges are made. The analysis is not intended to meet the requirements of the Statement of Standard Accounting Practice 25 – Segmental Reporting.

	2007-08			2006-07		
	Income £'000	Expenditure £'000	Net £'000	Income £'000	Expenditure £'000	Net £'000
<b>Statutory services</b>						
Marine surveys	4,669	5,069	(400)	4,634	4,918	(284)
Registration of ships	1,451	870	581	1,141	1,104	37
Seafarers' examinations and certification	2,337	2,174	163	1,910	1,953	(43)
Other statutory services	7	2	5	6	2	4
Sub total	8,464	8,115	349	7,691	7,977	(286)
<b>Operational services</b>						
Emergency helicopter flights	170	764	(594)	173	595	(422)
Navigational warning broadcasts	414	584	(170)	483	867	(384)
Sub total	584	1,348	(764)	656	1,462	(806)
<b>Other services</b>						
Meteorological Office observations	14	32	(18)	61	66	(5)
Wider market initiatives	1,234	839	395	960	718	242
Non-statutory services and training	86	113	(27)	218	157	61
Sub total	1,334	984	350	1,239	941	298
<b>Total</b>	<b>10,382</b>	<b>10,447</b>	<b>(65)</b>	<b>9,586</b>	<b>10,380</b>	<b>(794)</b>

The financial objective for each of the services is full recovery of the service costs in accordance with HM Treasury's Managing Public Money. Income that is not derived from fees and charges is no longer included in the segmental analysis. Accordingly, income figures for 2006-07 have been re-analysed, and income from clearance of offshore pollution (£393,000), EU projects (£74,000) and other income (£1,840,000), totalling £2,307,000 is not shown in the above table.

## 7. Intangible Fixed Assets

	Software Licences £'000	Under Development £'000	Total £'000
<b>Cost</b>			
As at 1 April 2007	2,707	1,467	4,174
Additions	2,173	941	3,114
Transfers	2,001	(2,001)	0
As at 31 March 2008	6,881	407	7,288
<b>Amortisation</b>			
As at 1 April 2007	1,651	0	1,651
Charge for year	669	0	669
As at 31 March 2008	2,320	0	2,320
<b>Net Book Value</b>			
As at 1 April 2007	1,056	1,467	2,523
As at 31 March 2008	4,561	407	4,968

## 8. Tangible Fixed Assets

	Land and Buildings	Vehicles and Boats	Communication Equipment	IT and Office Equipment	Other Plant	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
As at 1 April 2007	39,930	9,274	20,639	4,842	3,245	3,743	81,673
Additions	770	1,342	440	1,570	231	3,175	7,528
Transfers	6,636	34	0	0	0	(6,670)	0
Disposals	(319)	(270)	0	(79)	(31)	0	(699)
Revaluation	(540)	369	(503)	(141)	28	0	(787)
As at 31 March 2008	46,477	10,749	20,576	6,192	3,473	248	87,715
<b>Depreciation</b>							
As at 1 April 2007	7,096	5,544	11,444	3,486	1,672	0	29,242
Charge for year	1,387	1,064	2,058	443	292	0	5,244
Disposals	(93)	(244)	0	(76)	(31)	0	(444)
Revaluation	0	202	(298)	(123)	21	0	(198)
As at 31 March 2008	8,390	6,566	13,204	3,730	1,954	0	33,844
<b>Net Book Value</b>							
As at 1 April 2007	32,834	3,730	9,195	1,356	1,573	3,743	52,431
As at 31 March 2008	<b>38,087</b>	<b>4,183</b>	<b>7,372</b>	<b>2,462</b>	<b>1,519</b>	<b>248</b>	<b>53,871</b>

### Analysis of Land and Buildings:

	31 March 2008	31 March 2007
	£'000	£'000
Freehold	34,798	29,298
Short leasehold	3,288	3,536
Total	<b>38,086</b>	<b>32,834</b>

A formal valuation of the Agency's entire estate was carried out as at 31 March 2005 by external valuers. The valuers were S G Pollock FRICS of James Barr for Scotland and Northern Ireland; J Dyte MRICS, J R Marwood MRICS and M T Mills MRICS of Hartnell Taylor Cook for England and Wales. Valuations were carried out in accordance with the Statement of Asset Valuation Practice and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS).

Additionally a proportion of the Agency's estate is revalued each year, such valuation being carried out by a suitably qualified Chartered Surveyor using a desktop valuation method in accordance with RICS guidelines.

### 9. Capital Commitments

There were commitments outstanding of £910,000 for capital expenditure contracts as at 31 March 2008 (31 March 2007: £4,814,000).

### 10. Stocks

	31 March 2008	31 March 2007
	£'000	£'000
Communications equipment	284	110
Dispersant stocks	2,072	1,986
Total	<b>2,356</b>	<b>2,096</b>

## 11. Debtors

	31 March 2008	31 March 2007
	£'000	£'000
<b>Amounts Falling due within One Year</b>		
Trade debtors	926	519
VAT debtor	701	711
Other debtors	110	130
Prepayments and accrued income	3,551	4,077
Consolidated Fund underfunding	0	1,924
	<b>5,288</b>	<b>7,361</b>
<b>Amounts Falling due after more than One Year</b>		
Other debtors	176	247
<b>Total</b>	<b>5,464</b>	<b>7,608</b>

Included in other debtors is £144,406 (31 March 2007: £212,336) in the form of staff relocation housing loans, of which £35,715 (31 March 2007: £48,561) is repayable within one year and £108,691 (31 March 2007: £163,775) in subsequent years. The number of staff members who have housing loans is 41 (31 March 2007: 59).

### Intra-Government Debtors

	31 March 2008	31 March 2007
	£'000	£'000
<b>Amounts Falling due within One Year</b>		
Balances with other central Government bodies	1,315	2,814
Balances with local authorities	45	53
Balances with NHS trusts	68	13
Balances with public corporations and trading funds	35	34
Balances with bodies external to Government	3,825	4,447
<b>Total</b>	<b>5,288</b>	<b>7,361</b>
<b>Amounts Falling due after more than One Year</b>		
Balances with bodies external to Government	176	247
<b>Total</b>	<b>176</b>	<b>247</b>

## 12. Cash at Bank and in Hand

The movement in cash balances in the year to 31 March 2008 was:

	2007-08	2006-07
	£'000	£'000
Balance at 1 April	(1,455)	1,544
Increase/(decrease) in cash and bank balances	2,185	(2,999)
Balance at 31 March	<b>730</b>	<b>(1,455)</b>

The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances were held at 31 March 2008:

	31 March 2008	31 March 2007
	£'000	£'000
Balance/(overdraft) at OPG	289	(1,705)
Balances with commercial banks and cash in hand	441	250
Total	<b>730</b>	<b>(1,455)</b>

## 13. Creditors

	31 March 2008	31 March 2007
	£'000	£'000
<b>Amounts Falling due within One Year</b>		
Trade creditors	2	42
Other creditors	85	7
Accruals	10,047	8,766
Deferred income	3,844	3,933
Consolidated Fund overfunding	261	0
Consolidated Fund extra receipts	56	55
Total	<b>14,295</b>	<b>12,803</b>



## Intra-Government Creditors

	31 March 2008	31 March 2007
	£'000	£'000
Amounts falling due within one year		
Balances with other central Government bodies	867	331
Balances with local authorities	19	133
Balances with NHS trusts	6	3
Balances with public corporations and trading funds	4	22
Balances with bodies external to Government	13,399	12,314
<b>Total</b>	<b>14,295</b>	<b>12,803</b>

## 14. Provisions for Liabilities and Charges

	Other Payments	Dilapidation Costs	Early Departure Costs	Total
	£'000	£'000	£'000	£'000
As at 1 April 2007	2,375	899	645	3,919
Arisen during year	5	599	3,050	3,654
Released during year	(1,634)	0	(133)	(1,767)
Utilised during year	(488)	0	(273)	(761)
<b>As at 31 March 2008</b>	<b>258</b>	<b>1,498</b>	<b>3,289</b>	<b>5,045</b>

The provision for other payments represents the sum of liabilities recognised in the Agency's accounts in relation to a variety of claims by third parties against the Agency. It is expected that the majority of such claims will be settled within the next three years.

The provision for dilapidation costs represents the estimated expenditure to revert leasehold properties back to their original condition, in accordance with the terms of certain leases. Such costs will become payable at the expiry of existing property leases, the majority of which end within the next 15 years.

The provision for early departure costs represents future pension payments for MCA staff, over the age of 50, who have left under voluntary early retirement schemes since 1999. The MCA is responsible for meeting the pension costs of former staff until they reach the age of 60. Such liabilities may continue to be paid by the Agency until 2018.

## 15. General Fund

	31 March 2008	
	£'000	£'000
As at 1 April 2007		36,892
Net operating cost for the year	(130,200)	
Repayment of Consolidated Fund extra receipts	(1,143)	
	<u>(131,343)</u>	
Financing from the Consolidated Fund	128,815	
Notional costs	2,321	
Transfer from Revaluation Reserve	157	
	<u>131,293</u>	
Decrease in General Fund		(50)
As at 31 March 2008		<u>36,842</u>

## 16. Revaluation Reserve

	Land and Building	Vehicles and Boats	Communication Equipment	IT and Office Equipment	Other Plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2007	9,540	49	0	0	0	9,589
Revaluation surpluses	1,150	167	0	10	17	1,344
Revaluation deficits	(1,690)	0	(205)	(28)	(10)	(1,933)
Taken to operating cost statement	2,115	0	205	28	16	2,364
Taken to General Fund	(154)	(3)	0	0	0	(157)
As at 31 March 2008	<b>10,961</b>	<b>213</b>	<b>0</b>	<b>10</b>	<b>23</b>	<b>11,207</b>

## 17. Movements in Operational Working Capital

	2007-08	2006-07
	£'000	£'000
Increase in stocks	260	173
(Decrease)/increase in operational debtors	(220)	96
Increase in operational creditors	(1,230)	(1,344)
Decrease in operational working capital	<b>(1,190)</b>	<b>(1,075)</b>

## 18. Reconciliation of Net Cash Expenditure

	Note	2007-08	2006-07
		£'000	£'000
Cash resource and capital payments		142,121	127,580
Cash resource and capital receipts		(13,610)	(10,664)
Cash movement in working capital		304	81
Financing from the Consolidated Fund	[15]	128,815	116,997
Consolidated Fund extra receipts	[5]	(1,143)	(982)
Net cash expenditure		<b>127,672</b>	<b>116,015</b>

## 19. Reconciliation of Movement in Government Funds

	Note	2007-08
		£'000
As at 1 April 2007		46,481
Decrease in General Fund	[15]	(50)
Increase in revaluation reserve	[16]	1,618
As at 31 March 2008		<b>48,049</b>

## 20. Commitments under Operating Leases

At 31 March 2008 the Agency was committed to making the following payments during the next year in relation to operating leases expiring:

	31 March 2008	31 March 2007
	Land and Buildings	Land and Buildings
	£'000	£'000
Within 1 year	298	168
Between 1 and 5 years	734	653
After 5 years	2,206	2,308
Total	<b>3,238</b>	<b>3,129</b>

There are no operating leases for assets other than land and buildings.

## 21. Cash Flow Information

### A. Reconciliation of net operating cost to operating cash flows

	Note	2007-08 £'000	2006-07 £'000
Net operating cost	[15]	(130,200)	(121,015)
Non-cash items	[3]	9,894	8,679
Decrease in operational working capital other than cash	[17]	1,190	1,075
Increase in provisions for liabilities and charges	[14]	1,126	1,493
Net cash outflow from operating activities		<b>(117,990)</b>	<b>(109,768)</b>

### B. Analysis of capital expenditure

	Note	2007-08 £'000	2006-07 £'000
Purchase of fixed assets	[7]/[8]	(10,642)	(6,350)
Receipts from sale of fixed assets		959	103
Net capital expenditure		<b>(9,683)</b>	<b>(6,247)</b>

### C. Reconciliation of payments to the Consolidated Fund

	Note	2007-08 £'000	2006-07 £'000
Payments per the General Fund	[15]	(1,143)	(982)
Consolidated Fund extra receipts opening creditor	[13]	(55)	(57)
Consolidated Fund extra receipts closing creditor	[13]	56	55
Cash payments to the Consolidated Fund		<b>(1,142)</b>	<b>(984)</b>

### D. Reconciliation of financing from the Consolidated Fund

	Note	2007-08 £'000	2006-07 £'000
Financing per the General Fund	[15]	128,815	116,997
Consolidated Fund financing opening debtor/(creditor)	[13]	1,924	(1,073)
Consolidated Fund financing closing creditor/(debtor)	[11]	261	(1,924)
Financing from the Consolidated Fund		<b>131,000</b>	<b>114,000</b>

## 22. Special Payments

During the year 2007-08, MCA settled an outstanding claim with HMRC following a PAYE inspection which commenced in 2004-05. The initial assessment by HMRC was significantly reduced in the light of evidence produced by MCA, and the final settlement totalled £414,000, of which £113,000 related to interest charges and penalties.

## 23. Contingent Assets

The Agency seeks to recover costs in relation to counter pollution and civil contingency incidents to which it renders assistance. In some cases, it may take a number of years before cost recovery claims are settled, and the Agency holds a contingent asset pertaining to the future value of such claims. In 2007-08, counter pollution claims totalling £64,995 (2006-07: £165,298) were received by the MCA.

## 24. Contingent Liabilities

At the balance sheet date, the Agency faced a potential liability arising out of a civil litigation case in which the Department for Transport is named as the defendant in the action. In a separate case, the Agency faces a potential compensation claim. The information required by Financial Reporting Standard 12 is not disclosed on the grounds that it may seriously prejudice the outcome of these cases.

## 25. Post Balance Sheet Events

There have been no significant events between the balance sheet date and the date of these Financial Statements. These Financial Statements are laid before the Houses of Parliament by the Secretary of State of the Department for Transport. Financial Reporting Standard (FRS) 21 requires the MCA to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by MCA's management to the Secretary of State of the Department for Transport. The authorised date for issue is 14 July 2008.

## 26. Related Party Transactions

The MCA is an Executive Agency of the DfT. The DfT is regarded as a related party. During the year, the Agency had a number of material transactions with the DfT, other Government Departments and other Central Government bodies. The majority of such transactions were with the Ministry of Defence.

During the year, none of the Executive Board members or other related parties undertook any material transactions with the MCA.

## 27. Financial Instruments

The MCA holds financial instruments only to the extent that they are necessary to meet the normal operational activities of the Agency and are not held to change the risks facing the Agency in undertaking its activities. The fair value of all financial assets and liabilities approximates to the book value.

### Liquidity Risk

The MCA manages its cash and bank balances to meet its short-term liquidity requirements. The Agency is reliant upon the liquidity of the DfT to meet long-term liquidity requirements.

### Interest Rate Risk

The Agency has no assets or liabilities that are subject to interest rate fluctuations.

### Foreign Currency Risk

The MCA has low exposure to assets or liabilities denominated in a foreign currency. Expenditure denominated in foreign currency amounted to less than £1million in 2007-08. As permitted by FRS3, short term debtors and creditors have been excluded from the currency profile.





## Annexes

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## Annex A

### Projected costs and income by business activity 2008-11

	2008/09 £'000	2009/10 £'000	2010/11 £'000
<b>Safer Lives</b>			
Staff, establishment & accommodation costs	39,483	40,097	41,137
Non cash costs	6,028	6,185	6,346
Other programme costs & disbursements	36,246	37,189	38,155
Income Appropriated in Aid	-562	-576	-591
<b>Total resource</b>	<b>81,196</b>	<b>82,894</b>	<b>85,047</b>
<b>Capital expenditure</b>	<b>5,950</b>	<b>5,877</b>	<b>5,686</b>

#### Safer Ships

Staff, establishment & accommodation costs	24,433	25,068	25,720
Non cash costs	2,133	2,188	2,245
Other programme costs & disbursements	13,391	13,731	13,998
Income Appropriated in Aid	-8,638	-8,863	-9,093
<b>Total resource</b>	<b>31,318</b>	<b>32,125</b>	<b>32,870</b>
<b>Capital expenditure</b>	<b>2,864</b>	<b>2,938</b>	<b>3,016</b>

#### Cleaner Seas

Staff, establishment & accommodation costs	2,286	2,345	2,406
Non cash costs	354	363	373
Other programme costs & disbursements	14,295	14,666	15,048
Income Appropriated in Aid	-1,819	-1,866	-1,915
<b>Total resource</b>	<b>15,116</b>	<b>15,509</b>	<b>15,912</b>
<b>Capital expenditure</b>	<b>536</b>	<b>550</b>	<b>563</b>

#### Total

Staff, establishment & accommodation costs	66,20	67,510	69,263
Non cash costs	8,515	8,736	8,964
Other programme costs & disbursement	63,932	65,586	67,201
Income Appropriated in Aid	11,019	-11,305	-11,599
<b>Total resource</b>	<b>127,630</b>	<b>130,527</b>	<b>133,829</b>
<b>Capital expenditure</b>	<b>9,350</b>	<b>9,365</b>	<b>9,265</b>

## Annex B: Outcomes

Outcome 1: A reduced rate of accidents and accident related deaths involving UK registered merchant ships and fishing vessels

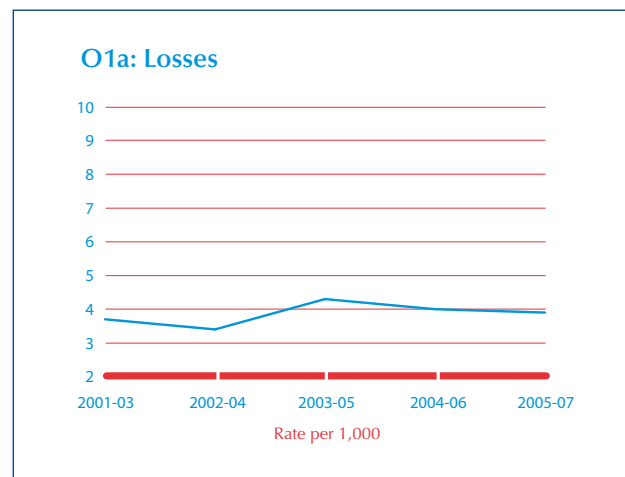
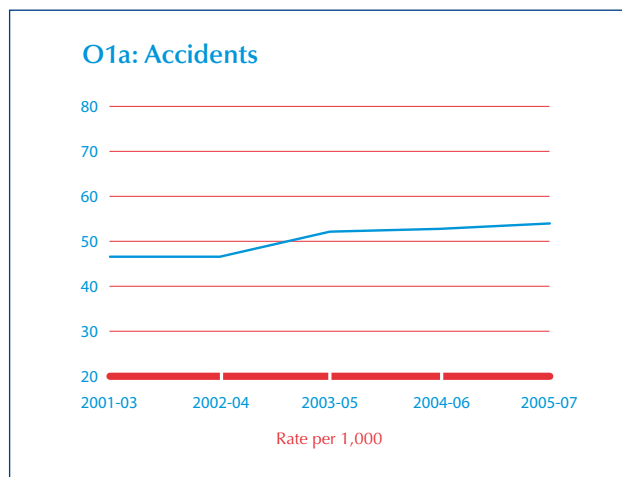
### O1a: The Rate of Accidents Involving UK Registered Fishing Vessels

Data Sources: (Calendar Year) MAIB Numbers of UK registered fishing vessel accidents and losses.  
Data is published in the MAIB Annual Report.

RSS Number of UK registered fishing vessels.

Annual Data	2003	2004	2005	2006	2007
No. of accidents	354	314	361	346	317
No. of losses	27	24	34	19	21
No. of vessels	6,731	6,693	6,314	6,346	6,315
<b>Accidents per 1,000</b>	<b>52.6</b>	<b>46.9</b>	<b>57.2</b>	<b>54.5</b>	<b>50.2</b>
<b>Losses per 1,000</b>	<b>4.0</b>	<b>3.6</b>	<b>5.4</b>	<b>3.0</b>	<b>3.3</b>

3 Year Rolling Average	2001-03	2002-04	2003-05	2004-06	2005-07
Average no. of accidents	325	318	343	340	341
Average no. of losses	26	23	28	26	25
Average no. of vessels	6,968	6,823	6,579	6,451	6,325
<b>Accident rate per 1,000</b>	<b>46.6</b>	<b>46.6</b>	<b>52.1</b>	<b>52.8</b>	<b>54.0</b>
<b>Loss rate per 1,000</b>	<b>3.7</b>	<b>3.4</b>	<b>4.3</b>	<b>4.0</b>	<b>3.9</b>



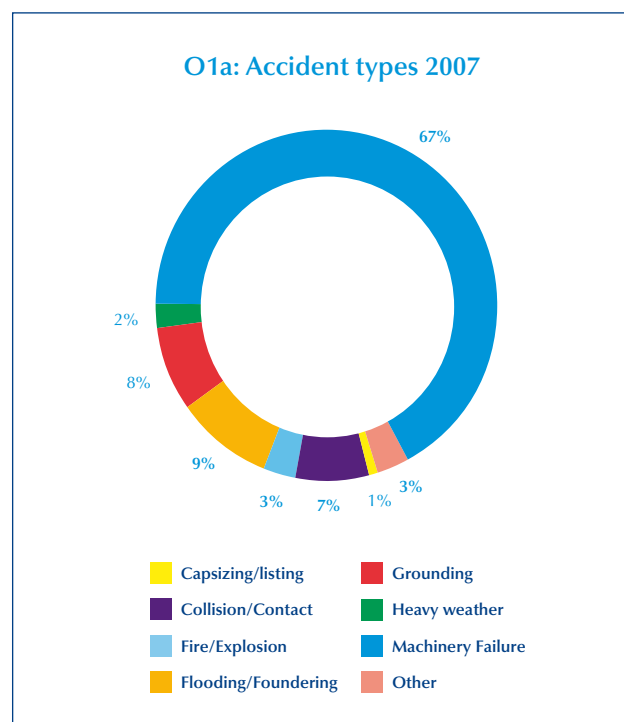
## Annex B: Outcomes

Outcome 1: A reduced rate of accidents and accident related deaths involving UK registered merchant ships and fishing vessels

### Fishing Vessel Accidents by Type

#### Annual Data

Type of Accident	2003	2004	2005	2006	2007
Capsizing/listing	4	2	6	5	3
Collision/contact	24	17	26	15	22
Fire/explosion	13	14	16	15	10
Flooding/foundering	50	40	55	34	31
Grounding	38	28	19	24	24
Heavy weather	1	2	3	1	5
Machinery failure	221	202	231	240	214
Other	3	9	5	12	8
<b>Total</b>	<b>354</b>	<b>314</b>	<b>361</b>	<b>346</b>	<b>317</b>



## Annex B: Outcomes

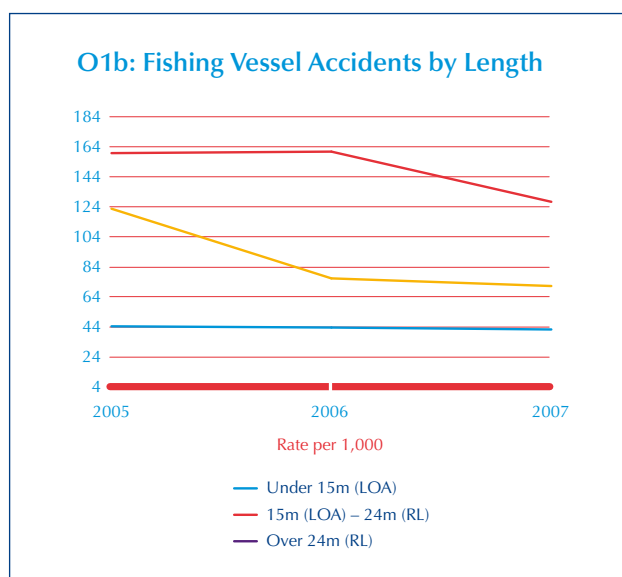
Outcome 1: A reduced rate of accidents and accident related deaths involving UK registered merchant ships and fishing vessels

### O1b: The Rate of Accidents Involving UK Registered Fishing Vessels: Breakdown by Length

Data Sources: (Calendar Year) MAIB Number of accidents to UK registered fishing vessels by length.  
RSS Number of UK registered fishing vessels.

LOA = Length Overall  
RL = Registered Length

Annual Data	Under 15m (LOA)	15m (LOA) - 24m (RL)	Over 24m (RL)
No. of vessels	5,537	557	220
No. of accidents	245	89	27
<b>2005: Accidents per 1,000</b>	<b>44.2</b>	<b>159.8</b>	<b>122.7</b>
No. of vessels	5,595	541	210
No. of accidents	243	87	16
<b>2006: Accidents per 1,000</b>	<b>43.4</b>	<b>160.8</b>	<b>76.2</b>
No. of vessels	5,584	534	197
No. of accidents	235	68	14
<b>2007: Accidents per 1,000</b>	<b>42.1</b>	<b>127.3</b>	<b>71.1</b>



## Annex B: Outcomes

Outcome 1: A reduced rate of accidents and accident related deaths involving UK registered merchant ships and fishing vessels

### O1c: The Number of Crew Deaths on UK Registered Fishing Vessels

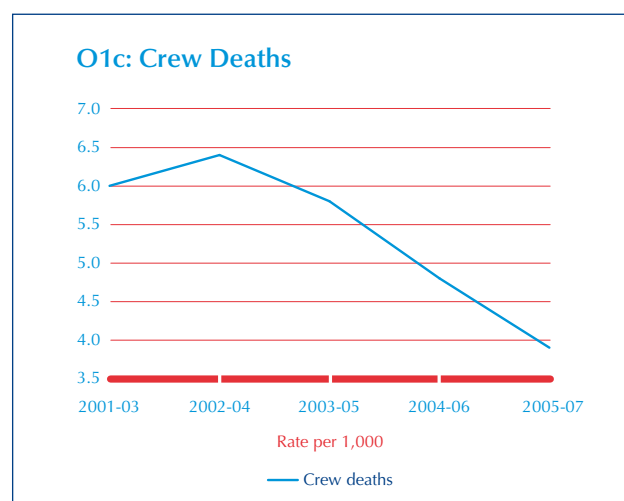
Data Sources: (Calendar Year) MAIB Number of deaths to crew on UK registered fishing vessels resulting from the operation of the vessels.  
Defra Number of crew on UK registered fishing vessels – data for 2007 estimated.

Annual Data	2003	2004	2005	2006	2007
Crew deaths*	11	9	3	7	5
Total crew**	13,122	13,453	12,831	12,934	13,000
<b>Crew deaths per 10,000</b>	<b>8.4</b>	<b>6.7</b>	<b>2.3</b>	<b>5.4</b>	<b>3.8</b>
No vessels involved	10	7	3	6	5

\*Our figures for crew deaths may differ from those published by the MAIB as we only record deaths resulting from the operation of the vessel.

\*\*Figures for 1999 to 2004 have been revised following a correction to an error found when producing aggregate results from sample data.

3 Year Rolling Average	2001-03	2002-04	2003-05	2004-06	2005-07
Crew deaths	8	9	8	6	5
Total crew	13,991	13,593	13,135	13,073	12,922
<b>Crew deaths per 10,000</b>	<b>6.0</b>	<b>6.4</b>	<b>5.8</b>	<b>4.8</b>	<b>3.9</b>



## Annex B: Outcomes

Outcome 1: A reduced rate of accidents and accident related deaths involving UK registered merchant ships and fishing vessels

### O1d: The Rate of Accidents Involving UK Registered Merchant Ships

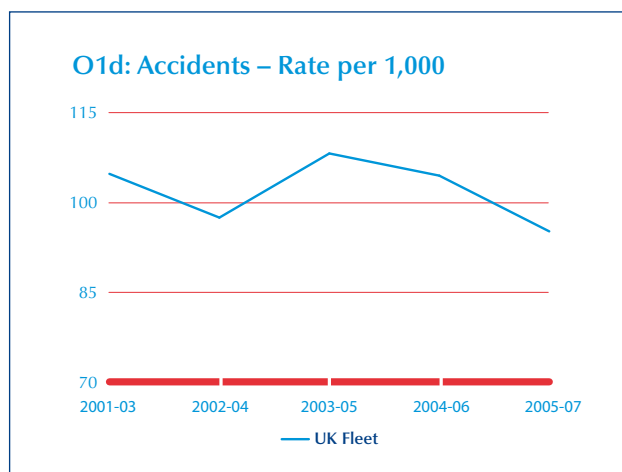
Data Sources: (Calendar Year) MAIB Number of accidents to UK registered merchant ships 100GT and over. Data is published in the MAIB Annual Report.

MCA Headquarters Number of UK registered merchant ships 100GT and over (from 2003).

GT = Gross Tonnes

Annual Data	2003	2004	2005	2006	2007
No. of accidents	137	138	186	125	108
No. of ships	1,419	1,404	1,438	1,456	1,509
<b>Accidents per 1,000</b>	<b>96.5</b>	<b>98.3</b>	<b>129.3</b>	<b>85.9</b>	<b>71.6</b>

3 Year Rolling Average	2001-03	2002-04	2003-05	2004-06	2005-07
Average no. of accidents	131	132	154	150	140
Average no. of ships	1,246	1,357	1,420	1,433	1,468
<b>Rate per 1,000</b>	<b>104.8</b>	<b>97.5</b>	<b>108.2</b>	<b>104.5</b>	<b>95.2</b>



## Annex B: Outcomes

Outcome 1: A reduced rate of accidents and accident related deaths involving UK registered merchant ships and fishing vessels

### O1e: The Number of Passenger and Crew Deaths on UK Registered Merchant Ships

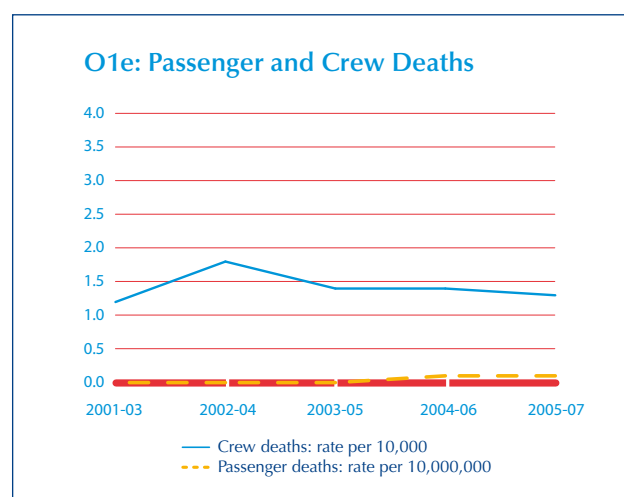
Data Sources: (Calendar Year) DfT Statistics Number of passengers on merchant ships 2006 (Estimated).  
Number of crew on merchant ships from 2002 (Estimated).  
MAIB Number of deaths to passengers and crew on merchant ships resulting from the operation of the vessels.

Annual Data	2003	2004	2005	2006	2007
Crew deaths*	3	7	2	3	5
Total crew (estimated)**	28,820	28,200	27,180	27,690	24,100
<b>Crew deaths per 10,000</b>	<b>1.0</b>	<b>2.5</b>	<b>0.7</b>	<b>1.1</b>	<b>2.1</b>
Passenger deaths	0	0	0	1	0
Total passengers ('000)	54,235	53,956	51,510	51,912	51,900
<b>Passenger deaths per 10,000,000</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>

\*Our figures for crew deaths may differ from those published by the MAIB as we only record deaths resulting from the operation of the vessel.

\*\*Note that this figure is for active UK Seafarers, not seafarers on UK ships and figures are re-adjusted to reflect the retirement age of 65.

3 Year Rolling Average	2001-03	2002-04	2003-05	2004-06	2005-07
Crew deaths (merchant ships)	3.0	5.0	4.0	4.0	3.3
Total crew (merchant ships)	25,593	27,783	28,067	27,690	26,323
<b>Crew deaths per 10,000</b>	<b>1.2</b>	<b>1.8</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>
Passenger deaths	0.0	0.0	0.0	0.3	0.3
Total passengers ('000)	54,146	53,989	53,234	52,459	51,774
<b>Passenger deaths per 10,000,000</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>





## Annex B: Outcomes

Outcome 2: The number of incidents and deaths recorded by HM Coastguard within the UK Search and Rescue (SAR) Region

O2a: The number of incidents and deaths recorded by HM Coastguard within the UK Search and Rescue Region

Data Sources: (Calendar Year)

MCA

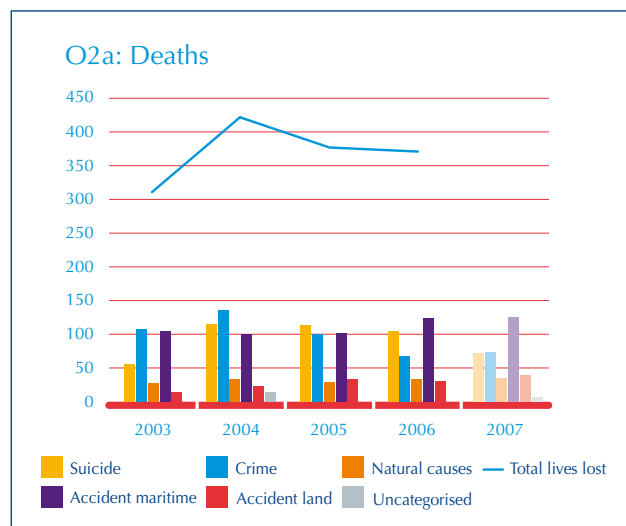
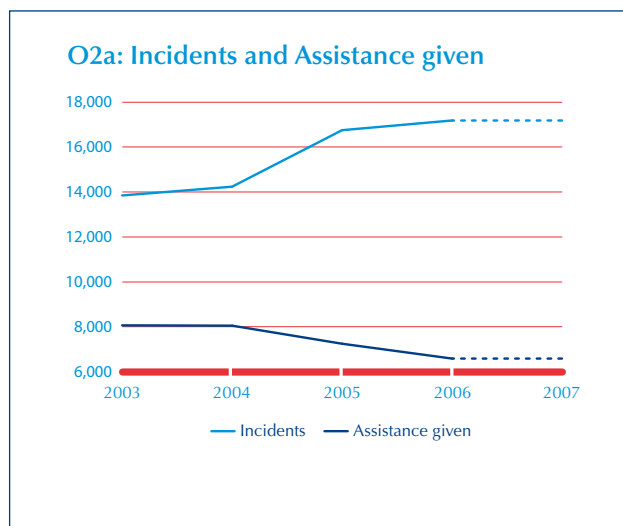
Data is collated in MCA Headquarters.

What we previously specified as an 'accident' is now termed 'assistance given'.

Incidents	2003	2004	2005	2006	2007
Incidents	13,849	14,240	16,754	17,185	No Data
Assistance given	8,070	8,056	7,252	6,592	No Data
Hoax	232	301	406	529	No Data
Deaths	2003	2004	2005	2006	2007
Suicide	55	115	113	105	71*
Crime	107	135	100	68	73*
Natural causes	28	34	29	33	39*
Accident maritime	105	100	101	124	127*
Accident land	14	23	34	30	40*
Uncategorised	1	14	0	0	6*
<b>Total Lives lost</b>	<b>310</b>	<b>421</b>	<b>377</b>	<b>360</b>	<b>356*</b>

As part of the Government's response to the Transport Select Committee investigation into 'The work of the MCA' in July 2004, we initiated an analysis of accident and death statistics to help us inform our policies. This analysis has resulted in a new set of categories being used above. Those deaths listed as uncategorised are currently being investigated.

\*These figures have not been audited as data for this outcome is incomplete as a result of the number of incident data not available because of industrial action.



## Annex B: Outcomes

Outcome 2: The number of incidents and deaths recorded by HM Coastguard within the UK Search and Rescue (SAR) Region

### O2b: The number of incidents and deaths recorded by HM Coastguard within the UK Search and Rescue Region

Data Sources: (Calendar Year) MCA Data is collated in MCA Headquarters. Figures do not include incidents that are not maritime related, such as animal rescue.

		2003	2004	2005	2006	2007
<b>Leisure</b>	Diving	43	39	38	40	No Data
	Diving-medical	N/A	54	101	102	No Data
	Watersports	1,140	1,270	1,612	753	No Data
	Inshore vessels	2,608	2,561	1,823	2,038	No Data
<b>Commercial</b>	Shipping	340	830	550	582	No Data
	Fishing vessels	589	521	628	360	No Data
	Commercial diving	172	131	121	90	No Data
<b>Shoreside</b>	Shoreside	855	744	512	591	No Data
	Beach	613	672	604	705	No Data
<b>Other</b>	Medical matters	585	481	431	458	No Data
	Other	1,125	753	832	873	No Data
<b>Total assistance given</b>		<b>8,070</b>	<b>8,056</b>	<b>7,252</b>	<b>6,592</b>	<b>0</b>

#### Leisure

'Diving' in mid 2004 we also began to separate out incidents where medical assistance was required.

'Watersports' covers activities involving small craft such as jetskiing, surfing, canoing and sailing dinghies.

'Inshore vessels' covers larger recreational vessels such as yachts and cruisers.

#### Shoreside

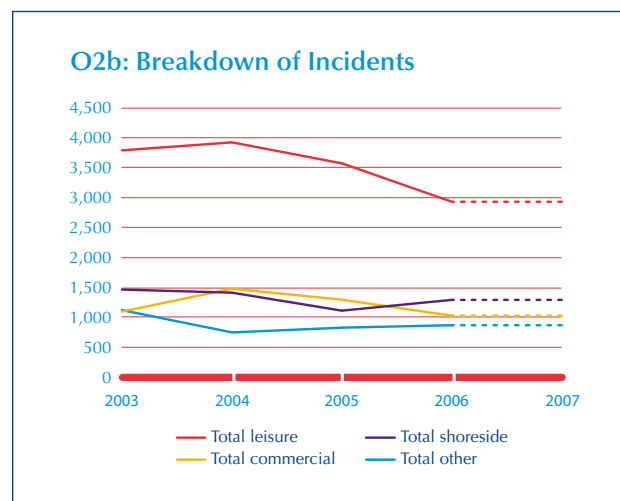
'Shoreside' covers activities such as cliff or beach walking.

'Beach' includes activities such as swimming, inflatables and angling.

#### Other

'Medical matters' generally covers circumstances in which we assist people who either have a health problem or become injured, rather than those specifically in a maritime incident.

'Others' includes military vessels, motor vehicles, aircraft, ordnance and other incidents.



## Annex B: Outcomes

Outcome 3: A reduced number of incidents of pollution from shipping activities in the UK Pollution Control Zone

### O3a: Oil Pollution Levels in the Marine Environment

Data Sources: (Calendar Year) ACOPS Number of oil pollution incidents by source.

Figures for 2006 have been restated. We have no data for 2007 as Coastguards have not been compiling statistics on a database due to industrial action short of a strike.

Annual Data	2003	2004	2005	2006	2007
Total no. of incidents	610	633	650	559	No Data
Tankers	19	8	8	9	No Data
Other vessels	111	120	107	140	No Data
Total no. of vessel incidents	130	128	115	149	No Data
<b>% ship related incidents</b>	<b>21.3</b>	<b>20.2</b>	<b>17.7</b>	<b>26.7</b>	<b>No Data</b>
Total no. of spills over 2 tonnes	8	10	10	1	No Data
<b>% spills over 2 tonnes from vessels</b>	<b>6.2</b>	<b>7.8</b>	<b>8.7</b>	<b>0.7</b>	<b>No Data</b>

## Annex B: Outcomes

Outcome 3: A reduced number of incidents of pollution from shipping activities in the UK Pollution Control Zone

### O3b: Counter Pollution

Data Sources: (Financial Year) MCA Incidents primarily involving MCA Emergency Towing Vessels and estimated amounts of fuel and cargo oil saved.

This year there were 14 incidents primarily involving Emergency Towing Vessels where such assistance has been provided. The data shows the oil and cargo that has not entered the marine environment.

Tonnes (Estimated)		Heavy Oil	Light Oil	Cargo
	Saved	1,404.0	311.0	10,047.0
	Lost	0.0	90.0	0.0
<b>2005</b>	<b>Net saved</b>	<b>1,404.0</b>	<b>221.0</b>	<b>10,047.0</b>
	Saved	9,573.0	740.0	0.0
	Lost	56.0	503.0	0.0
<b>2006</b>	<b>Net saved</b>	<b>9,517.0</b>	<b>237.0</b>	<b>0.0</b>
	Saved	30,059.0	2,700.0	217,860.0
	Lost	152.0	150.0	2,260.0
<b>2007</b>	<b>Net saved</b>	<b>29,907.0</b>	<b>2,550.0</b>	<b>215,600.0</b>

Figures from 2007 have been compiled based on a new methodology therefore there can be no comparison made on figures from previous years.

## Annex B: Outcomes

Outcome 3: A reduced number of incidents of pollution from shipping activities in the UK Pollution Control Zone

### O3c: MARPOL Deficiencies

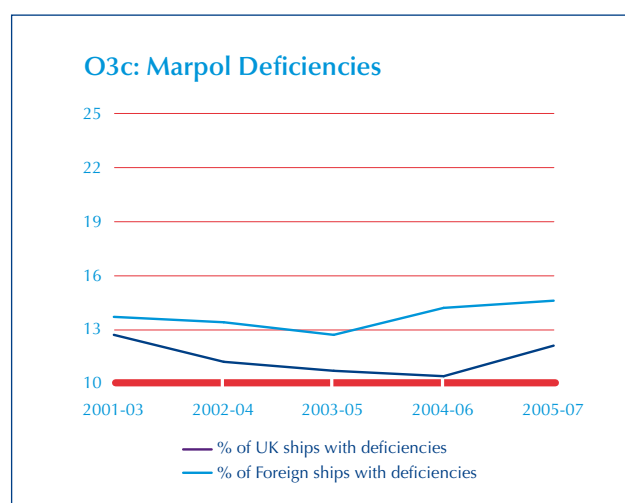
Data Sources: (Calendar Year)

MCA Port State Control inspections in UK: number of foreign ships inspected and number of deficiencies.

MCA Inspections of UK sea going ships: number of UK ships inspected and number of deficiencies.

Deficiencies – Annual Data	2003	2004	2005	2006	2007
UK ships inspected	905	984	920	953	1,135
UK ships with deficiencies	102	96	102	100	161
<b>% of UK ships with deficiencies</b>	<b>11.3</b>	<b>9.8</b>	<b>11.1</b>	<b>10.5</b>	<b>14.2</b>
Foreign vessels inspected	1,692	1,768	1,894	1,649	2,093
Foreign vessels with deficiencies	200	257	221	274	327
<b>% of foreign vessels with deficiencies</b>	<b>11.8</b>	<b>14.5</b>	<b>11.7</b>	<b>16.6</b>	<b>15.6</b>

3 Year Rolling Average	2001-03	2002-04	2003-05	2004-06	2005-07
UK ships inspected	811	911	936	952	1,003
UK ships with deficiencies	103	102	100	99	121
<b>% of UK ships with deficiencies</b>	<b>12.7</b>	<b>11.2</b>	<b>10.7</b>	<b>10.4</b>	<b>12.1</b>
Foreign vessels inspected	1,757	1,743	1,785	1,770	1,879
Foreign vessels with deficiencies	241	234	226	251	274
<b>% of foreign vessels with deficiencies</b>	<b>13.7</b>	<b>13.4</b>	<b>12.7</b>	<b>14.2</b>	<b>14.6</b>



## Annex B: Outcomes

### Outcome 4: An enhanced safety record for the Red Ensign Fleet

#### O4a: The Number of Merchant Ship Losses in the Red Ensign Fleet Compared with World Fleet

Data Sources: (Calendar Year) Lloyd's Register – Fairplay Ltd Merchant ships (Cargo Carrying) 100GT and above, actual losses.

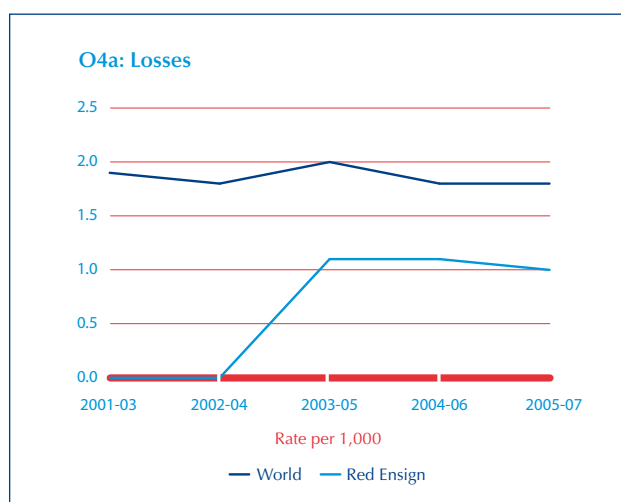
GT = Gross Tonnes

Data excludes fishing vessels, dredgers, and offshore supply vessels.

Red Ensign Fleet = Category 1 Registers: UK, Bermuda, Cayman Islands, Isle of Man, Gibraltar.

Annual Data	2003	2004	2005	2006	2007
World Losses	109	77	99	85	88
World number ships	46,918	47,050	48,442	50,214	51,538
World losses per 1,000	2.3	1.6	2.0	1.7	1.7
Red Ensign losses	0	0	4	0	0
Red Ensign number ships	1,216	1,181	1,195	1,414	1,417
Red Ensign losses per 1,000	0.0	0.0	3.3	0.0	0.0

3 Year Rolling Average	2001-03	2002-04	2003-05	2004-06	2005-07
World losses	90.3	82.7	95.0	87.0	90.7
World no. ships	46,649	46,875	47,470	48,569	50,065
<b>World losses: rate per 1,000</b>	<b>1.9</b>	<b>1.8</b>	<b>2.0</b>	<b>1.8</b>	<b>1.8</b>
Red Ensign losses	0.0	0.0	1.3	1.3	1.3
Red Ensign no. ships	1,083	1,155	1,197	1,263	1,342
<b>Red Ensign losses: rate per 1,000</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>



## Annex B: Outcomes

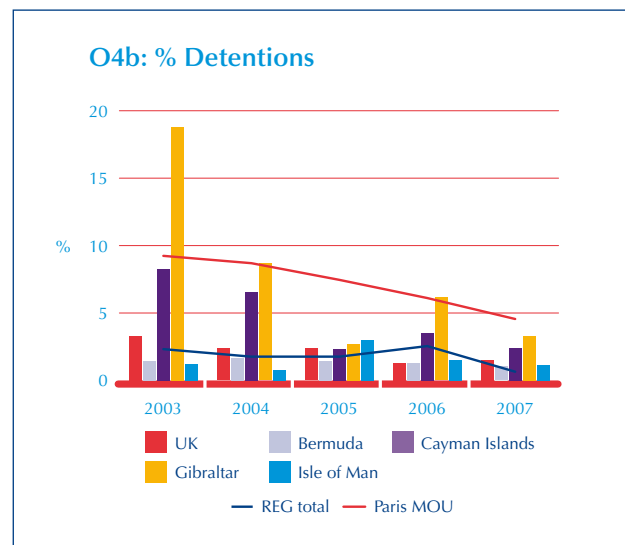
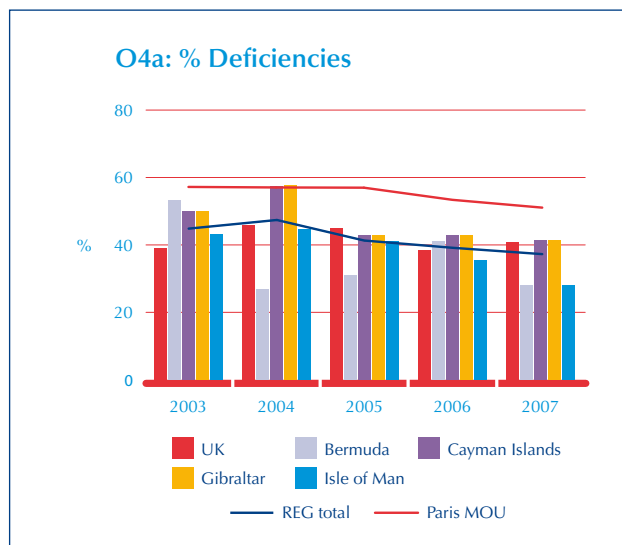
### Outcome 4: An enhanced safety record for the Red Ensign Fleet

#### O4b: Number of Deficiencies Reported for Red Ensign Vessels by Other Port States

Data Sources: (Calendar Year) Paris Memorandum of Understanding (MOU).

Red Ensign Fleet Category 1 Registers: UK, Bermuda, Cayman Islands, Isle of Man, Gibraltar.  
Paris MOU EU Member States, Canada, Croatia, Poland, Russia and Norway.

Annual Data	2003	2004	2005	2006	2007
Total no. inspections	1,126	1,191	1,306	1,397	1,504
No. with deficiencies	470	468	487	569	688
% with deficiencies	41.7	39.3	37.3	40.7	45.7
% with deficiencies (MOU)	57.0	53.6	51.3	53.6	56.5
No. of detentions	25	30	23	36	29
% detained	2.2	1.8	1.8	2.6	1.9
% with detentions (MOU)	7.5	6.1	4.7	10.5	10.2



## Annex B: Outcomes

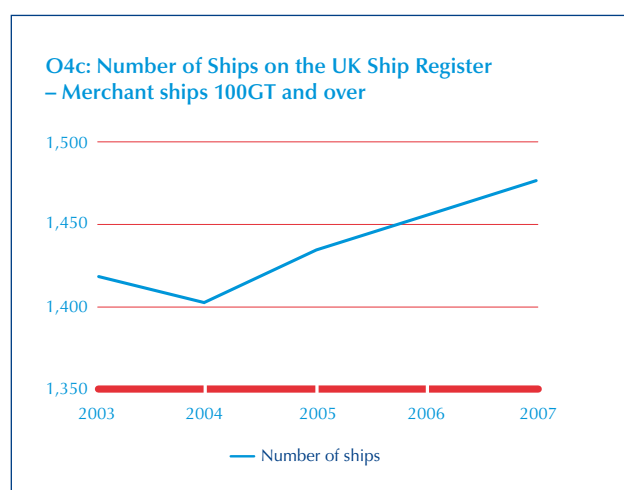
### Outcome 4: An enhanced safety record for the Red Ensign Fleet

#### O4c: UK Ship Register Activity

Data Sources: (Calendar Year)

RSS Number and Gross Tonnage of UK registered merchant ships 100GT and over (from 2003)

	2003	2004	2005	2006	2007
Gross tonnage	10,893,658	11,409,754	12,018,176	12,755,568	13,874,361
Number of ships	1,419	1,404	1,438	1,456	1,481





## Annex C: Glossary

AIS	Automatic Identification System	MCA	Maritime and Coastguard Agency
ACOPS	Advisory Committee on the Protection of the Sea	MIRG	Maritime Incident Response Group
BERR	Department for Business Enterprise and Regulatory Reform	MNTB	Merchant Navy Training Board
BMA	Bulgarian Maritime Agency	MOU	Memorandum of Understanding
CERS	Consolidated European Reporting System	MRCC	Maritime Rescue Co-ordination Centre
CHP	Civil Hydrography Programme	MSI	Marine Safety Information
CPSO	Counter Pollution & Salvage Officers	OREI	Offshore Renewable Energy Installations
DEFRA	Department for the Environment, Food and Rural Affairs	ORPC	Oil Pollution Preparedness, Response and Co-operation
DfT	Department for Transport	PSHE	Personal, Social and Health Education
EMSA	European Marine Safety Agency	PSC	Port State Control
ETV	Emergency Towing Vessels	QMS	Quality Management System
GIS	Geographical Information System	REG	Red Ensign Group
HNS	Hazardous and Noxious Substances	RNLI	Royal National Lifeboat Institution
ILO	International Labour Organization	RSS	Registry of Shipping and Seamen
IMO	International Maritime Organization	RYA	Royal Yachting Association
ISM	International Safety Management Code	SAR	Search and Rescue
ISO	International Organization for Standardization	SCU	Salvage Control Unit
ISPS	International Ship and Port Facility Security	SMarT	Seafarer Maritime Training
LRIT	Long Range Identification and Tracking	SOLAS	Safety of Life at Sea
MAIB	Marine Accident Investigation Branch	SOSREP	Secretary of State's Representative for Salvage and Intervention
MARPOL	Marine Pollution Convention	TRANSEC	Transport Security and Contingencies Directorate
		VTMD	Vessel Traffic Monitoring Directive
		VTS	Vessel Traffic Services

## Ministerial Targets 2008-09

1. Maintain the quality of maritime emergency co-ordination and response by the Coastguard
2. Helicopters tasked to respond to incidents will be airborne within 15 minutes during daylight hours and 45 minutes at night in at least 98% of cases.
3. Meet the internationally required target to inspect 25% of foreign vessels in UK ports under PSC arrangements, with an increasing emphasis on inspecting available ships judged to be high risk.
4. Maintain the quality of the UK Ship Register by reducing the level of deficiencies recorded on UK ships inspected abroad, and maintain a position on the Paris MOU White List which is comparable to registers of a similar size and reputation.
5. As a Category 1 Responder, continue to meet the provisions of the Civil Contingencies Act including increased engagement with Local Resilience Forums.
6. Respond promptly to potential and actual pollution from ships around the UK coast, drawing effectively on resources including our emergency tugs, and following the procedures set out in the National Contingency Plan.

## Service Standards 2008-09

1. In 98% of cases, we will answer 999 telephone calls and maritime distress signals within 10 seconds in accordance with the Code of Practice for the Emergency Call Service.
2. When a volunteer Coastguard Rescue Team is alerted, the team members will get to their Rescue Station as soon as they can. Once the Rescue Team is ready to proceed from its Station, it will arrive at the scene of an incident within 30 minutes in 90% of cases.
3. In 95% of cases, we will assess your eligibility to sit an exam within 28 days.
4. In 95% of cases, we will issue your Certificate of Competency (COC) within 14 days.
5. In 95% of cases, we will issue your revalidated Certificate of Competency within 14 days.
6. In 90% of cases, we will assess your Certificate of Equivalent Competency (CEC) application and issue the Confirmation of Receipt of Application (CRA) within 14 days.
7. In 95% of cases, we will issue your survey or audit certificate within 14 days of completion of a satisfactory survey.
8. In 90% of cases, we will complete your plan approval within 28 days.
9. In 95% of cases, on receipt of the signed carving and marking note, we will issue your registration certificate within 7 days (for merchant ships, pleasure vessels, fishing vessels and bareboat charter ships).
10. In 95% of cases, we will issue your registration certificates within 14 days (for small ships – under 24 metres).
11. In 90% of cases, we will respond to your complaints within 14 days.
12. In 98% of incidents, within five minutes of being alerted about an incident we will take a decision on the appropriate search and rescue response and initiate action if necessary.

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E-mail [infoline@mcga.gov.uk](mailto:infoline@mcga.gov.uk)

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