

MARITIME AND COASTGUARD AGENCY

Annual Report and Accounts 2008-09

Incorporating our plans for 2009-10 and beyond

Safer Lives

Safer Ships

Cleaner Seas

08/09

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INVESTOR IN PEOPLE

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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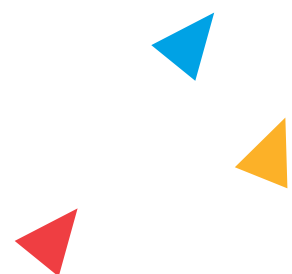
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Chief Executive's Foreword



I am pleased to present the Maritime and Coastguard Agency's Annual Report and Accounts for 2008-2009, incorporating our plans for 2009-2010 and beyond.

The UK is dependent on ships for 95% of its visible trade. Ships are a vital part of the supply chain to get goods and services to the right place at the right time.

Over the past year we have seen the global economy contract. World trade fell by 7% in the fourth quarter of 2008. Shipping is an international business and is not immune to wider pressures. We have seen freight rates fall, we have seen too many tankers chasing too few cargoes, a decline in container movements and a projected 20% drop in orders for new build ships. In an economic downturn we must do all that we can to facilitate a vibrant and viable shipping industry, and we can do that best by working in partnership with owners and operators to support their active compliance with safety standards.

There is also strong evidence to suggest that more people will choose to take their holidays in the UK rather than going abroad. We want to encourage everyone to have fun and to enjoy the wonderful coastline and beaches around Britain, but to do so safely. We are working with our partners in the RNLI, the RYA and through the National Water Safety Forum to promote safety in the recreational sector.

The last 12 months have been particularly challenging for the Agency. Our Headquarters

got to grips with a new structure, and our coastal organisation was hit by strike action in March, April, July and over the busy August Bank Holiday weekend. Our contingency plans meant that we were able to maintain a 24-hour emergency response capability during the strikes.

I reshaped my Executive Board reducing the number of Executive Directors from five to three. Philip Naylor completed that process when he became our Director of Maritime Services in April this year. We have also streamlined the next tier of management and formed a substantially smaller Senior Management Team with clearer responsibilities and accountabilities.

As this document shows, the dedication and skill of both our employees and volunteers allowed us to meet all of our principal targets and objectives. We continued to provide an outstanding emergency response service for anyone in trouble at sea or at the coast. The UK Ship Register continued to attract ships and checked that they operated safely; and we checked the safety of at least 25% of foreign ships visiting the UK. In line with our safety themes, other inspections looked closely at the safety of fishing vessels and any signs of seafarer fatigue.

A report from the National Audit Office published in February 2009 helpfully reviewed how the Agency had handled the growth of the UK Ship Register in recent years. That Report rightly noted that we have some work to do to refine our fees and charges so that they

accurately reflect our costs, and we need to keep up the momentum in our recruitment of Marine Surveyors. The Report went on to say that despite those challenges our work to manage the growth in the UK Ship Register represented an “efficient use of Taxpayers’ money”.

On 1 July this year HM Coastguard at MCA Dover took on responsibility for the active provision of a vessel traffic information service for shipping using the routeing systems for the outer Sunk area in the approaches to the Thames Estuary. This is an exciting development that shows how the Coastguard can shift from a traditionally reactive search and rescue mode to more proactive monitoring. Those doing the work have learned new skills. It is a good example of how new work with new skills can lead directly to better pay.

All of these factors give me confidence that the Agency is in a much better position to move forward positively with the further development of its role. In particular I want to engage constructively with stakeholders, staff and the Unions about how we can work together to make the most effective use of the resources we have available. This development will be in the best interests of ships, seafarers, fishermen and the general public.

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

A handwritten signature in blue ink that reads "Peter Cardy". The signature is written in a cursive, flowing style.

Peter Cardy, Chief Executive



Who We Are

As an Executive Agency of the Department for Transport (DfT), we support the Department in developing and implementing the Government's maritime safety and environmental protection strategy by:

- setting standards and regulation;
- checking the standards of ships and seafarers;
- providing services to seafarers; and
- monitoring our coasts and seas, and responding to emergencies

We have two broad objectives:

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.

Environment – Through our monitoring of ships and response to pollution incidents, protect the marine environment.

We are at the end of the first year of our three-year themes covering:

- seafarer fatigue;
- small fishing vessel safety;
- the promoting of lifejacket wear; and
- vessel traffic management

We say more about these themes elsewhere in this Report.

Agency Management

We are answerable to the Secretary of State for Transport through an Advisory Board which reviews the Chief Executive's and the Agency's performance against plans, targets and resources. The Advisory Board included the following members for 2008-2009.

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

Richard Hatfield replaced Simon Webb in February 09 and chaired the March Advisory Board meeting.

Peter Cardy
(Chief Executive)

Ian Woodman
(Director of Maritime and Dangerous Goods)

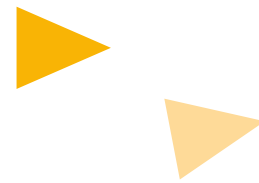
Theresa Crossley
(Head of Shipping Policy Division)

Neil Goodall
(Finance Director MCA) (until September 2008)

Sue Ketteridge formerly Townsend
(Director of Finance and Governance MCA)
(From May 2008)

Valerie Richardson
(Secretariat, Shipping Division)

Helen Jameson
(Head of Resource Management and Planning, International Networks and Environment Group)



Bob Banham

(External Member)

Julian Lee

(External Member)

The Chief Executive is supported by an Executive Board which was restructured during the year. From April to August 2008 the Board had five Executive Directors and three Non-Executive Directors; in August the number of Executive Directors was reduced to three.

The Non-Executive Directors challenge and support the Board so that it operates in the best interests of the Agency and its stakeholders. They are not employees of the Agency and are not affiliated with the Agency in any way other than their work for the Executive Board and Advisory Board. They are also the permanent members of the Audit Committee.

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

- Health, Safety, Security and Environment (HSSE) matters;
- progress against Ministerial Targets;
- the latest position on corporate risks;
- the Agency's budget and upcoming budgetary pressures; and
- the balanced scorecard (a traffic light system of reporting key Agency activities).

At each meeting, members of the Executive Board were asked to declare any conflicts of interest with matters to be discussed.

*Search and Rescue*

Members of the Executive Board within the financial year 2008-2009 were:

Executive Directors:

Peter Cardy,

Paul Jackson (until August 2008),

Bill McFadyen (acting),

Neil Goodall (until September 2008),

Richard Parkes,

Alison Thorne-Henderson (until October 2008)

Sue Ketteridge (from May 2008).

Non-Executive Directors:

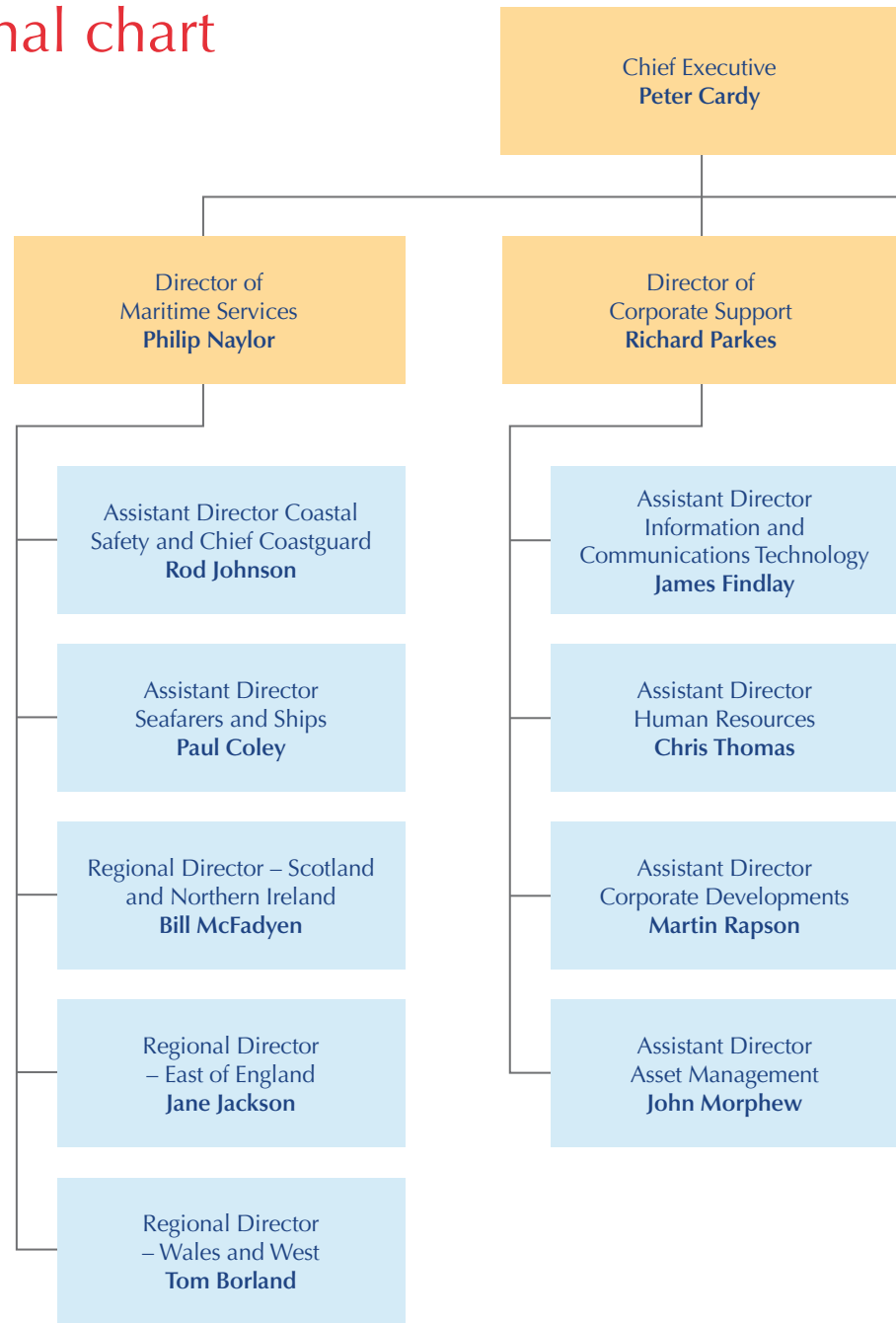
Bob Banham,

Julian Lee and

Nigel Palmer.

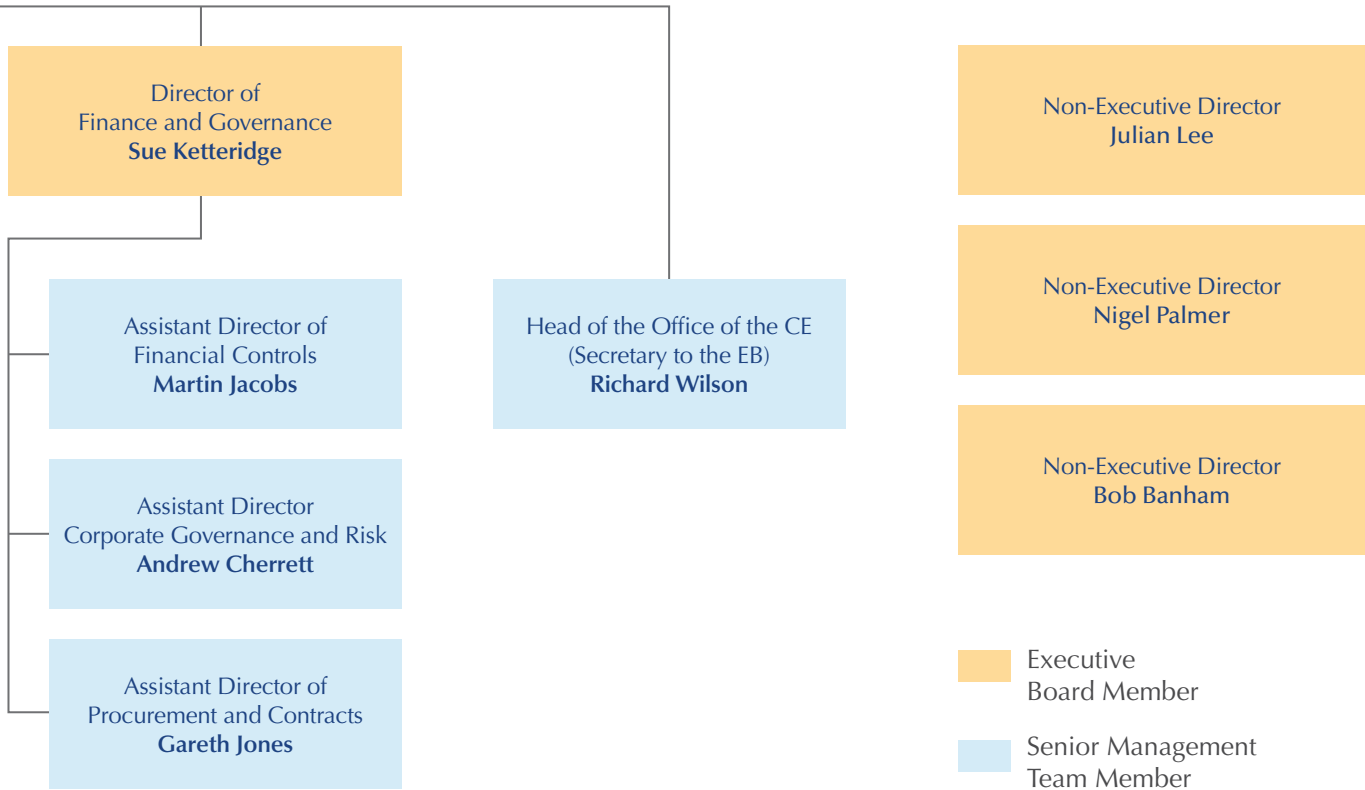
Organisational chart

as of July 2009



◀ The Executive Board

From left to right:
Philip Naylor,
Sue Ketteridge,
Nigel Palmer,
Peter Cardy,
Julian Lee,
Richard Parkes,
Bill McFadyen
(from July 08
- April 09), and
Bob Banham.



The Senior Management Team

From left to right:

Back:

Andrew Cherrett,
Rod Johnson,
Martin Jacobs,
James Findlay.

Middle:

Tom Borland,
Jane Jackson,
Gareth Jones,
George Duncan
(until April 09),
Bill McFadyen
(from April 09).

Front:

John Morphew,
Chris Thomas,
Richard Wilson.





Management Commentary

Customer Service

The Agency serves a broad base of customers ranging from members of the public, shipping companies and the fishing industry to Government Departments such as DEFRA and the MOD. Key partnerships include the RNLI and Classification Societies. Our core values are 'mutual respect, customer focus'.

We contribute to the Government's Better Regulation initiative through the simplification of our regulations where possible. We work constructively and supportively with our industry to encourage compliance with safety requirements through face-to-face meetings and the production of advice and guidance in Marine Notices.

Customer Satisfaction

We value feedback from customers to help us improve services. Customer feedback channels include questionnaires, our complaints procedure, face to face contact, regular meetings with the shipping industry, and via our website through our infoline.

Our latest customer satisfaction levels are:-

The Seafarer Certification Service	93%
The Registry of Shipping and Seamen	89%
The UK Ship Register	81%

For more detail please go to: www.mcga.gov.uk/c4mca/mcga-aboutus-feedback

We want to improve our customer feedback from the shipping industry and we are exploring new ways to achieve this.

What you can expect from the MCA

We will treat your enquiries impartially, with courtesy and with the appropriate level of confidentiality.

If you are unhappy with our service, please get in touch first with the person or section that you have been dealing with. They will put things 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

We have 12 Service Standards that set out our commitment to customers. The collection of statistical information has been disrupted by industrial action. Fully auditable results are shown in the graph (right). Where we cannot show statistically that we have achieved a Service Standard, we are confident that the industrial action has affected the record keeping rather than the service. We received 19 complaints this year that were related to those particular Service Standards and all were successfully resolved.

For 2009-10 we have adopted new customer promises in line with other Executive Agencies within the DfT. These are set out at the back of this document.

Service Standard Results for 2008-09



MCA website

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 within 20 working days
- 4 In 95% of cases, we will issue your Certificates of Competency (COC) within 10 working days
- 5 In 95% of cases, we will issue your revalidated Certificate of Competency (COC) within 10 working 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 10 working days
- 7 In 95 % of cases, we will issue your survey or audit certificate within 10 working days of completion of a satisfactory survey
- 8 In 90% of cases, we will complete your plan approval within 20 working days
- 9 In 95% of cases, on receipt of the signed carving and marking note, we will issue your registration certificate within 5 working days (for merchant ships, pleasure vessels, fishing vessels and bareboat charter ships)
- 10 In 95% of cases, we will issue your registration certificates within 10 working days (for small ships under 24 metres)
- 11 In 90% of cases, we will respond to your complaints within 10 working 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.



UK registered ship

Service Improvement

We support the Government's strategy to make more services available on-line and to reduce processing times. Last year we introduced an extension to the online UK Ship Register service. Registration is available through a dedicated website with a 24/7 customer care. In 2008-09 6,965 online applications were received for the Small Ships Register (SSR).

Registration is available through a dedicated website with a 24/7 customer care. In 2008-09 6,965 online applications were received for the Small Ships Register (SSR).

Our free electronic subscription service for Marine Notices has over 3,200 subscribers. To subscribe or get our paper subscription service please go to: www.mcga.gov.uk/c4mca/shipsandcargoes/mcga-shipsregsandguidance/marinenotices.htm

We expect to make more of our information and services available through DirectGov (the UK Government website for citizens that provides a single point of access to public sector information and services) from mid-2010.

Running the Agency

Corporate Governance and Risk Management

Our Statement on Internal Control in the Accounts section of this document describes our risk and internal control arrangements.

We are certified to the international ISO 9001:2008 standard. Internal audits and external monitoring visits provide assurance against the standard and support business improvement.

Efficiencies

In preparation for our migration to the DfT Shared Services Centre we have operated within the spirit of a shared services environment by centralising our HR and Finance transactional operations.

During our restructure in 2008 we brought together all the Agency's customer-facing services under a new Directorate of Maritime Services. A new Director, Philip Naylor, took charge of that Directorate from the end of April 2009.

We aim to pay all bills by contractual deadlines, or within 30 days of receiving a valid invoice. We hit this target in 99.8% of cases. In line with a Government wide initiative to pay bills within 10 days, our performance has been 94.47% (November 08-March 09).

We say more about efficiencies in other sections of this report.

Sustainable Development

We are implementing the Government's Sustainable Development Strategy to live within environmental limits, ensure a strong, healthy and just society, achieve a sustainable economy, practise sustainable procurement, and promote good governance. Our published Sustainable Development Action Plan highlights our progress and priorities.

Research

We commission research projects to support policy development, services and our future plans. Research completed in 2008-09 includes:

- a UK Risk Assessment of Hazardous and Noxious Substances, to improve the Agency capability to respond to maritime accidents;
- an Evaluation of New Impact and Damaged Stability Criterion and Outline Designs for New Ro-Ro Passenger Ferries Compliant with SOLAS 2009, to provide evidence to support the UK line over safety concerns at IMO and other international fora; and
- a report on how to Control the spread of Non-Indigenous Species through Ballast Water, to establish impact of international policy on the UK.

Planned research will cover:

- development of a protocol for the design, build and operation of an oily waste processing plant, to improve the UK ability to deal with heavy oil spills;
- consolidating Human Element Guidance for the Maritime Industry to help establish the UK Flag as a world leader on Human Element issues;
- investigating how to instigate Behavioural Change in Lifejacket Wear; and
- investigating the Potential Interference from 2.6GHz sources on Maritime 'S' Band Radar, to help inform the MCA position on the government plan to auction off sections of the radio spectrum.



Lifejacket promotion

More details of this can be found on our website www.mcga.gov.uk/c4mca/mcga-aboutus-research2.htm We welcome suggestions for collaborative research.

Our People

Our people are from diverse backgrounds and bring different qualities, skills and experiences to the MCA.

We have successfully renewed our accreditation as an Investor in People (IiP). We encourage and equip staff to build on their skills and highlight training needs. Our learning and development priorities are leadership and management, technical skills delivery, and continuous professional development.

We reward our people for ideas on how to improve services or processes through our staff suggestion scheme 'Sea Change'. Exceptional performance is rewarded through our Special Performance Bonus Scheme.

Diversity

We are committed to equality of opportunity in 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. This is shown in the way we develop policy and in our published Equality and Diversity Action Plan. Four MCA staff are participating in the DfT's GREEN LIGHT initiative to promote management skills for staff from a black or minority ethnic background.

Diversity is fundamental to our employment practices and to the way we deliver services.

Communication with staff and volunteers

We keep our people informed about news, activities and initiatives through our electronic bulletin 'Connect'. Our 3,500 volunteer Coastguard Rescue Officers have their own website for information about operating procedures. Chief Executive messages highlight corporate developments. Team meetings are used to discuss issues and provide feedback. We regularly meet with Trade Union representatives.

MCA staff in post figures

	Total permanent and contract staff
Staff in post at 1 April 2008	1,158.21
Staff in post at 31 March 2009	1,132.32

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

Summary of starters and leavers

	Total permanent and contract staff
Starters	142
Leavers	
Career break	0
Death in service	1
Resignation	63
Retirement (age)	27
Retirement (ill health)	1
VER/VES	71
Other leavers	23
Total leavers	186

These figures reflect actual headcount.

Safer Lives

The sea can be an unforgiving environment and ships and seafarers are vulnerable to the elements, and particularly to extreme weather events that are likely to become more common as a result of climate change. Safety is our top priority and we provide a 24-hour a day, 365 days a year emergency response co-ordination service for the UK coast and surrounding waters. There are currently around 200 million trips to the coast annually and this is expected to rise.

We will provide the right rescue resource to reduce the severity of the incident.

We want to see fewer people getting into difficulty at the coast, at the beach or at sea. Where they do need our help, we will provide the right rescue resource to reduce the severity of the incident.

Every year our Maritime Rescue Co-ordination Centres (MRCCs) respond to approximately 18,000 incidents at sea or at the coast, assisting over 25,000 people. Our prompt actions prevent deaths and protect the environment.

The MRCCs respond to calls for help from radio, automatic ship alerting systems and the 999 system. Our skilled Coastguard co-ordinators make decisions about the best way to deal with each incident. At sea this might mean sending an RNLI or independent lifeboat, a Coastguard or military search and rescue (SAR) helicopter, one of our ocean-going tugs or requesting help from other vessels that can help. Closer to shore, we might send one of our volunteer Coastguard Rescue Teams trained in the specialist skills of search, mud and cliff rescue.



Operations Room

The quality of our search and rescue service (Ministerial Target 1) was maintained despite industrial action short of a strike throughout the year and actual strikes for four periods. Checks by managers about our ability to respond to incidents and evidence in terms of outcomes demonstrated that the quality of our service was maintained. Our programme of location based quality audits confirmed that key SAR processes and standards were maintained to agreed standards. In addition, senior managers locally have been closely monitoring our operational integrity to satisfy themselves that quality is being maintained.

The Coastguard Rescue Service has 3,500 volunteers operating in over 380 teams around the UK coast. They give their time and energy to help rescue or assist people in trouble. Coastguard Rescue Officers also help to spread safety messages in their local communities.

We run several campaigns to inform people about dangers at the seaside and how to avoid them including: 'Sea Smart' for children under



Coastguard Search and Rescue helicopter

14 and their parents; a Coastguard branded tram in Blackpool; 'Crucial Crew' workshops for 8-11 year olds; the 'Risk Factory'; our 'Joe and Petunia' Sea Safety TV adverts; the 'Don't Drink and Drown' campaign; and the award winning TV programmes 'Seaside Rescue', 'Highland Rescue' and 'Real Rescues'.

Our sea safety mascots, Joe and Petunia also feature on a number of Tesco delivery trucks around the country as part of a new safety partnership with the supermarket chain.

This was the first year in our three-year joint campaign with our partners in the RNLI and the Royal Yachting Association to promote the wearing of lifejackets. We supported stage shows at both the Southampton and London Boatshows with practical demonstrations about the value of a lifejacket, produced a joint-branded safety clip that can be viewed on our website, and began research into the behavioural factors that contribute to people not wearing lifejackets. Over the coming year, we will be developing joint stickers and posters and holding a lifejacket workshop and demo at the RoSPA National Water Safety Congress in November, as well as encouraging the manufacturers of lifejackets to become more involved in the ongoing campaign.

We will also be encouraging recreational sea users to enjoy the sea and the coast safely by getting trained, checking the weather and tides, wearing a lifejacket, avoiding alcohol, and keeping in touch.

Helicopters

We manage a contract for our modern SAR Helicopters that operate from bases at Stornoway, Sumburgh (Shetland), Portland and Lee-on-Solent. The Sikorsky S92 helicopters operate from our Scottish bases and were joined in July 2008 by Augusta Westland AW139 helicopters on the south coast.

In summer 2008 we introduced modifications to the AW139s to enhance their SAR capability, particularly at night. SAR coverage was maintained through alternative arrangements until the modifications were made.

We achieved Ministerial Target 2 to have tasked helicopters airborne within 15 minutes by day and 45 minutes at night.

We have introduced a new target for 2009-10 to have helicopters available at each of our bases for 98% of the time.

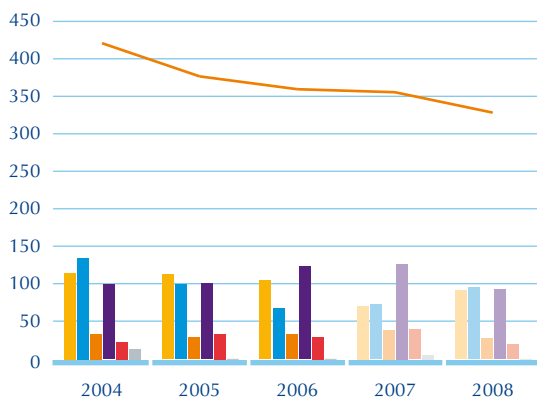
The Coastguard was proud to win a Great Scot Award in 2008 for the dramatic Stornoway helicopter rescue of 14 people from the Spinningdale, a fishing boat that ran aground on St Kilda in force 10 storm winds.

Fire fighting at sea

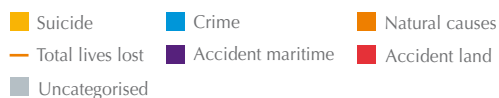
The highly trained Maritime Incident Response Group (MIRG) provides a Fire and Rescue capability to deal with fires and chemical incidents at sea. 50 firefighters, from Local Authority Fire and Rescue Services make up 15 teams each at a strategic location.

What Outcome did we contribute to?

Our analysis of deaths at the coast shows a reduction of 27 compared to last year with maritime accident related deaths showing the biggest reduction. More details can be found in Annex B.



O2a: Deaths



Civil Resilience

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

- co-operate and share information with other responders;
- plan to prevent and respond to emergencies;
- plan for business continuity; and
- warn and inform the public in the event of an emergency.

We met Ministerial Target 5 by fulfilling those duties. We established a Resilience Unit that engages with the Cabinet Office Civil Contingencies Unit at a national level and with Regional and Local Resilience Forums.

Crew and Passenger Safety

We want crews to be safe when working on ships, and passengers to be safe when using ships, and we want fishermen to be safe in their work too, with reducing rates of death and injury.

We want to reduce rates of death and injury.

One of our Three-year Themes addresses fatigue in merchant seafarers by focussing on more effective enforcement of the Hours of Work Regulations, applying international pressure for enhanced minimum manning levels, and promoting a cultural change within the industry. Operators can expect us to deal robustly with infringements of working hours and lookout requirements identified through inspection, or brought to our attention.

Other activities to tackle fatigue include participating in the EC-funded HORIZON project and pressing internationally for enhanced minimum manning levels.

The ILO Maritime Labour Convention (MLC) 2006 sets global standards for seafarers' living and working conditions. To help industry get ready for changes to comply with the Convention from 2010 we will be holding a Seminar in November 2009 in collaboration with the Chamber of Shipping and the main maritime unions.

In 2008 more than 40,000 UK seafarer medical examinations were conducted through our worldwide network of Approved Doctors. We have reviewed the UK seafarer medical fitness standards in consultation with approved doctors and with expert advice to take account of advances in diagnosis and treatment.

New standards will come into effect on 1 January 2010.

We produced a leaflet on drug abuse for the fishing industry, and posters and leaflets about entry into enclosed spaces. Free copies of our leaflets are available by calling 0845 603 2431 or emailing mca@ecgroup.co.uk

The Human Element in Shipping

The Marine Accident Investigation Branch tell us that up to 80% of maritime accidents are attributable to human factors in the design, build, maintenance and operation of vessels. We are leading a collaborative project with industry, to develop effective human factors guidance to improve safety. Publication is expected in mid 2010.

Up to 80% of maritime accidents are attributable to human factors.



Merchant seafarer working on board UK registered ship

What Outcome did we contribute to?

The number of crew deaths in 2008 was the same as in 2007 and remains low at five. When calculated as a rate per 10,000 crew members, the rate fell slightly on the 2007 outcome of 2.1 to 1.9. The three-year rolling average has increased to a rate of 1.7 per 10,000 crew compared to the three-year rolling average as measured in 2007, which was 1.3 per 10,000 crew. More details can be found in Annex B.

Safety in the Fishing Industry

The Fishing Industry Safety Group (FISG) is a platform to share information on new codes, regulations, and general safety advice. Fishing vessel safety is one of our Three-year Themes. We are working with the industry to promote a safer culture, particularly for smaller fishing vessels, combining education, training, advice and inspection to encourage safe working practices and the wearing of buoyancy aids.

We have worked with the industry group SEAFISH to develop new training courses in Bridge Watchkeeping and Engine Room Watchkeeping for skippers of under 16.5m Vessels. Stability Awareness courses have also been developed.

The Bridge and Engine Watchkeeping, Stability Awareness and Global Maritime Distress and



MCA Surveyor at work on a UK registered ship



Fishing vessel

Safety System (GMDSS) courses are available free of charge until 2011 thanks to funding from SEAFISH and the DfT.

A new Fishermen and Safety Guide has been issued and we have successfully worked with SEAFISH to develop a Damage Control Course.

We have introduced a successful programme of visits by dedicated inspectors to discuss safety and risk assessments. Our surveyors witness emergency drill on every renewal survey or mid term survey or inspection, and will also specifically check on the skipper's preparation of risk assessments.

What Outcome did we contribute to?

In 2008 we saw the rate of accidents to fishing vessels fall to 41.9 per 1,000 vessels, compared to a rate of 50.2 in 2007. This is the lowest accident rate since the MCA was established in 1998 though the trend can be disrupted by one or two major incidents. The number of fishing vessel crew deaths remained at five, and this is consistent with the three-year rolling average. More details can be found in Annex B.

Safer Ships

Shipping is vital to the UK economy which is dependent on ships and professional seafarers. A vibrant and safe shipping industry is an essential component in the supply chain for goods and services we use on a daily basis. We work closely with the maritime industry to enhance shipping safety and prevent pollution.

We want ships to operate safely and we want seafarers to be properly qualified to work on ships.



MCA ocean going Emergency Tug

Setting Safety Standards – the International Context

Commercial shipping is a global business with ownership, charterers, registration and crewing spread across the world. Ships operating internationally are regulated at the international level. Working in partnership with colleagues across Government, we play a major role in representing the UK view on the development of international maritime policies, regulations and technical standards, principally at the International Maritime Organization (IMO) and within the European Union and the European Maritime Safety Agency (EMSA).

Examples of international standard setting and regulatory development or implementation work include:

- implementing EU Directive 2006/87/EC on technical requirements for inland waterway vessels;
- consulting on the guidance for the new 2008 Edition of the High Speed Craft Code and amending the associated legislation;
- discussing at the IMO and with industry our concerns about the practical implementation of the IMO's 2009 damage stability requirements;
- publishing a Marine Guidance Note laying down the UK application of the IMO Special Purpose Ships Code and its application to survey, offshore, research and other specialist vessels;
- contributing to IMO technical discussions about the next generation of ship communications; and
- continuing to promote the Large Yacht Code (LY2) as the global standard for superyachts.

Setting Safety Standards – the Domestic Context

At the UK level, examples of our activities include:

- completion of our review of existing regulations leading to a single, clearer code for domestic passenger ship operators on inland waterways, and for sea-going passenger vessels of under 24m in length, simplifying compliance;
- consultation on a Code for Passenger Ships operating solely in UK Categorised Waters and the preparation of relevant draft legislation;
- completion of work on the technical standards for seagoing ships under 24m;
- the ‘phase-in’ exercise (until 2010) of the UK’s existing domestic seagoing passenger vessel fleet to meet the harmonised requirements of ‘EU Directive 98/18/EC on safety rules and standards for passenger ships’;
- completion of the Hire Boat Code, a voluntary code which is sponsored jointly with the Association of Inland Navigation Authorities (AINA) and the British Marine Federation (BMF);
- revision of the Police Boat Code in association with the Association of Chief Police Officers;
- raising the profile of Sail Training as an important sector in our industry; and
- maintaining the standards of Historic Ships without affecting their character.

And over the next year we expect to publish:

- a draft Rescue Boat Code;



*MCA counter pollution aircraft overflies wood lost from the **Sinegorsk***

- on-line guidance for leisure craft, and pleasure vessel users;
- national Standards for commercial cargo vessels on UK inland waterways;
- revision of the ‘Standards of Safety for Thames Sailing Barges’; and
- best practice guidelines together with revised requirements for the Small Commercial Vessel and Pilot Boat Code.

Large Yachts

We support the large yacht fleet by participating in joint research into the through-life survey of masts and spars manufactured in modern composite materials. We are also working with industry to develop standards for the training of helideck crew, and the application of the Maritime Labour Convention 2006.

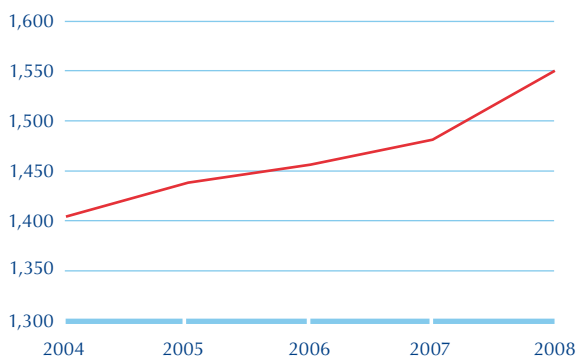
Checking Compliance

Once agreed, we enforce international and national standards through our ship survey and inspection services, some of which are carried out on our behalf by others.

The UK Ship Register (UKSR)

Implementing safety standards for ships and seafarers is most effectively achieved through Flag State Control.

Last year the Register grew by 48 ships and 2.12 million Gross Tonnage to 1,550 ships and 15,888,843 Gross Tonnage. In line with **Ministerial Target 4** we remain highly placed on the Paris Memorandum of Understanding (MOU) White List of quality Flag States. We are also on both the Tokyo MOU White list and the US Coast Guard's Qualship 21 quality scheme which are quality benchmarks.



O4c: Number of Ships on the UK Ship Register – Merchant ships 100GT and over

— Number of ships

The UK Ship Register provides ship owners with a joined-up ship registration service. It has an interactive website, www.ukshipregister.co.uk, as well as dedicated Customer Account Managers providing 24-hour customer care. It is our commitment to quality that encourages good ship operators to make the UK Ship Register their flag of choice.

Ship Surveys and Inspections

To prevent shipping incidents we carry out in-depth surveys of UK registered ships, and regular safety checks of foreign and UK vessels operating domestically. We investigate around 100 breaches of Merchant Shipping Legislation every year, taking proportionate enforcement action where necessary.

The dedication of our people has meant that despite the challenges of vacancies in some locations, we have met or exceeded our targets and expectations in all areas of ship survey and inspection other than for small passenger ships and large fishing vessels. Some of the latter vessels we expected to be available were no longer working when the inspections were due.

We carried out 3,869 in-depth surveys on UK registered ships. The surveys focus on ship management and operating systems.

Maritime Audit

We authorise seven Classification Societies to carry out 85% of our statutory survey work on ships. For smaller code vessels, 15 recognised Certifying Authorities act on our behalf. Risk based monitoring arrangements and regular meetings assure us that these bodies are meeting standards.

We provide audit services covering the International Safety Management Code, the International Ship and Port Facility Security Code and ISO standard audits. Our MCA Quality Assurance service is accredited to certify shipping companies' Quality Management Systems to ISO 9001:2000 and Environmental Management Systems to ISO 14001:2004 standards.

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. Last year we conducted 4,485 general inspections and 1,660 Port State Control inspections of foreign ships. We met our **Ministerial Target 3 to inspect at least 25% of foreign ships visiting the UK.**

Enforcement Action

Where our inspections, surveys or general intelligence reveal significant breaches of Maritime Legislation, we may need to take stronger enforcement action. Last year we investigated 103 new cases. 48 resulted in a notification of concern, a formal caution, or prosecution, which includes those investigations carried over from previous years. Further details are at:

www.mcga.gov.uk/c4mca/mcga prosecutions

Red Ensign Group

The Red Ensign Group (REG) is made up of 12 UK Crown Dependencies and Overseas Territories with their own ship registers. Regular monitoring visits check compliance with UK policies, international conventions and standards. In 2008-09 we visited Guernsey, Bermuda and the Falkland Islands. An annual conference discuss issues of common interest. The 2008 Conference was hosted by the Maritime Administration of the Cayman Islands and as well as technical items it considered future accident investigation arrangements, and working co-operatively on increasing the market share of quality ships.

Seafarer Training and Certification

Training for UK Seafarers

The UK's maritime future depends on training the next generation of British seafarers. There are over 1,700 officer trainees, including 925 cadets recruited in 2008-09. Of those, 193 enrolled on the Foundation Degree programme and 105 on the equivalent Scottish Professional Diploma.

Last year we issued 3,403 Certificates of Competency and managed £12.9m of funding for seafarer training under the Support for



Dover Operations Room

Maritime Training (SMarT) scheme. We work closely with the Merchant Navy Training Board (MNTB) on standards of training for Merchant Navy seafarers. We recognise exceptional cadets through the MCA Officer Trainee of the Year award. The 2009 winner was Thomas Barkley working with Whitaker Tankers.

Safe Navigation

Having checked that ships and seafarers meet the right international or national standards, we also provide services to enhance safe navigation.

Vessel Traffic Management (VTM)

VTM is an umbrella term for all activities that enhance the safety of ship movements, including ship routing and reporting measures and the provision of navigational information.

We are the UK Competent Authority for Vessel Traffic Services (VTS), and VHF radio services that provide safety information to ships at sea. We operate two VTS systems; The Sunk (an area in the Thames Estuary) (from 1 July 2009), and The Channel Navigation Information Service (CNIS) both operated from Dover. Two more VTS, The Nab and The Bristol Channel are operated on behalf of the MCA. There are 26 VTS around the UK.

We are implementing the EU Vessel Traffic Monitoring and Information System Directive. (VTMD). We have successfully implemented the Consolidated European Reporting System/Single Vessel Database (CERS/SVD) integration with the EU-wide system SafeSeaNet. CERS officially went 'live' with SafeSeaNet on 1 January 2009.

We made a major contribution to the Maritime Navigation and Information Services Project and will continue to participate in its next iteration, Maritime Information Management and Maritime Operational Services.

Offshore Renewable Energy Installations (OREI)

We support the Government's commitment to increase energy generation through OREIs. The development of OREIs means that sea-space has to be managed carefully for safe navigation. The new Department for Energy and Climate Change (DECC) has responsibility for the issue of consents and consults us on navigational safety. In future the Marine Management Organisation (MMO) established by the Marine and Coastal Access Bill will provide a single point of contact for OREI consents.



Scroby Sands wind farm, Caister-on-Sea, Norfolk

E-Navigation

We promote work in both the IMO and the International Association of Lighthouse Authorities (IALA) on a future vision for e-navigation. 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 by providing global coverage for the tracking of suitably equipped vessels. This data will only be available to authorised recipients in accordance with IMO and EU regulations. LRIT meshes with our Automatic Identification System (AIS) and the monitoring of shipping through CERS.

Hydrography

We are responsible for the day to day management of the Government's Civil Hydrography Programme (CHP), which collects seabed survey data to keep UK nautical charts and publications updated. Mapping images of multibeam surveys can be downloaded from our website: www.mcga.gov.uk/hydrography

We meet annually with our partners at the Committee on Shipping Hydrography and the Civil Hydrography Review Committee where we evaluate our progress and plan for the following year. We are systematically searching out hydrographic data derived by third parties and ensuring it is submitted for safety of navigation purposes. We have renewed agreements with partners, and are publishing more and more data through our own and partner websites.

Maritime Safety Information (MSI)

We use NAVTEX (518 kHz) with its coverage out to 270 miles to inform sea users about Gale Warnings, Strong Wind Warnings Sea Area Weather Forecasts, Inshore Forecasts,



AIS screen

Navigational Warnings, Submarine Exercises (Subfacts) and Gunnery Exercises (Gunfacts). This service is complemented by radio broadcasts by HM Coastguard out to 30 miles (VHF) and 150 miles (MF).

Radio Spectrum Efficiency

We are working with DfT and OFCOM to find ways to improve the efficiency of maritime radio spectrum use in an internationally regulated environment, and where many organisations use spectrum for life saving.

Port and Pilot Safety

We have supported the UK and IMO work respectively to refresh the Port Marine Safety Code and its accompanying Guide to Good Practice, and to investigate pilot safety and recommend improvements. We have completed one Port Safety Verification Visit and managed the Port Marine Safety Code 3-year compliance round for DfT Ports Division. 220 UK ports were asked to give assurance that they comply with the Code.

What Outcome did we contribute to?

Although the rate of accidents per every 1,000 UK ships rose in 2008 to 81.3 from 71.6 in 2007, there remains an underlying downward trend shown by the three-year rolling average. Our analysis suggests that 2007 was an exceptional year for merchant shipping accidents; we did not see the same with fishing vessel accidents as reported under 'Safer Lives'.

For the third year in succession, there were no reported ship losses among those flying the Red Ensign. Our level of detentions and deficiencies for Red Ensign vessels is broadly in line with previous years. More details can be found in Annex B.

Cleaner Seas

We want to reduce pollution from shipping and minimise its effects on our waters, coastlines and economy.

There are aspects of our Cleaner Seas policy that we pursue internationally through the IMO and in Europe, which is mostly in relation to standards setting and prevention activity. Our response activity is specific to the UK.

Working Internationally

With our considerable technical input, the IMO has completed work to develop an International Ship Recycling Convention.

In the last year we have introduced regulations covering 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 the International Convention on Marine Pollution - MARPOL.



Coastguard Rescue Officers prepare for cliff rescue



Removal of final sections of *MSC Napoli*
Photo by Pim Korver Film and Video

As part of the Government's practical response to the Climate Change agenda, we have introduced regulations to implement Annex VI of MARPOL dealing with Air Pollution from Ships. Over the next year we expect to introduce Regulations to implement the marine elements of the Sulphur Content of Liquid Fuels Directive.

Protecting the UK Coast

We have comprehensive emergency response procedures to deal with pollution from ships, or the threat of pollution, including:

- Our four specialist ocean-going tugs or Emergency Towing Vessels (ETVs) strategically located to tow or escort any ships in difficulty;
- the Secretary of State's Representative for Maritime Salvage and Intervention (SOSREP), supported by Counter Pollution and Salvage Officers;
- a dedicated support team of mariners, scientists and logistics experts; and
- surveillance and spraying aircraft.

Ongoing or new incidents during 2008-09 included:

- In February 2009 the Russian aircraft carrier *Kuznetsov* on transit in the Celtic Sea (Western Approaches) accidentally discharged

1,000 tonnes of fuel oil. We assisted the Irish Coastguard and provided pollution surveillance flights to monitor the spill.

- Work to remove the final sections of the *MSC Napoli* from Lyme Bay began in June 2009.
- The Greek registered timber ship *Ice Prince* sank on 13 January 2008. In April 2009 SOSREP directed the owners to remove the fuel oil from the sunken vessel.
- On 1 November 2008 the Port of Heysham reported that the Grab Hopper Dredger *Abigail H* was lying against the Fish Quay with a 50 degree list. She was refloated on 26 November with minimal pollution.
- On 19 January 2009 the Russian general cargo vessel *Sinegorsk* lost 1500 tonnes of untreated sawn timber deck cargo in the Dover Strait. In poor weather SOSREP directed the vessel to go to Southampton. Temporary repairs were carried out and the timber re-stowed. The *Sinegorsk* left Southampton on 19 February.

Responding to these and other incidents meant that we met **Ministerial Target 6 to respond effectively to maritime emergencies.**

Receiver of Wreck

The Receiver of Wreck is responsible for the administration of Merchant Shipping legislation relating to wreck and salvage.

In 2008-09, the Receiver of Wreck's work was dominated by timber losses from the *Ice Prince* in 2008 and the *Sinegorsk* in 2009.



Sinegorsk

We deal with wreck material recovered by individuals and organisations including recreational divers, commercial salvage companies, fishermen and maritime archaeologists. That material ranges from a bronze cannon to gold nuggets, shipping line crockery, portholes and inscribed ships bells. More than 1,500 items were reported during 2008.

What Outcome did we contribute to?

The percentage of UK ships with deficiencies under the MARPOL Convention has increased broadly in line with a similar increase in the deficiencies identified for all ships. This may simply reflect better identification of deficiencies by Port State Control inspectors generally.

Our analysis tells us that prompt action from our counter pollution resources stopped 13,576 tonnes of heavy fuel oil entering the seas around the UK, along with 653 tonnes of light fuel oil. More details can be found in Annex B.



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 2008-09 financial year the Agency's net operating cost was £130,435,000 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 £10.4 million, which includes £1.1 million capital reclassification due to creation of a Finance Lease asset, during the financial year. The investment spending related to key strategic projects which included Security Accreditation, Radio Equipment Replacement, Consolidated European Reporting System, enhancing Freehold Buildings and additions to the MCA Vehicle Fleet.

Statement on Internal Control

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 :-

The operation of risk management, control and governance in the MCA has been generally effective during 2008-09. This has been achieved despite a changing control environment that has been affected by disruption in some key areas as a result of the postponement of the move to Shared Services.

This overall opinion is supported by my view in each of the following areas:

Risk Management

Risk Management continues to improve, especially at the corporate level, but a recurring theme is the requirement to fully embed the methodology in all directorates and the regions.

Governance

Governance arrangements meet the requirements of the Treasury's Corporate Governance Code of Good Practice and have been strengthened by the formation of the Senior Management Team which supports the Executive Board by leading on planning and the delivery of high level goals. An Audit Committee, chaired by a Non-Executive Director provides assurance to the Accounting Officer that the necessary financial and governance systems and processes are in place.

Internal Control

Internal controls have been mostly effective against a backdrop of considerable change especially in the Finance and Human Resources functions. Our audits identified some areas where controls need to be improved and strengthened to reduce the Agency's exposure to risk.

These included Health and Safety, the management of coastguard rescue teams and the delivery of consistent survey and inspections.

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).

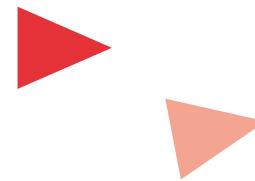
External Auditors

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 2009 was £63,000 plus £10,000 relative to IFRS. No other fee was received in respect of non-statutory work.

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

Executive directors of the MCA who were not Senior Civil Servants received 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

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 on page 31:

	2008-09		2007-08	
	Salary £'000	Benefits-in-kind to nearest £100	Salary £'000	Benefits-in-kind to nearest £100
Peter Cardy Chief Executive (from 29 May 2007)	135 - 140	0	105 - 110 (125 - 130 full year equivalent)	0
Bill McFadyen Acting Director (from 1 February 2008)	80 - 85	0	10 - 15 (70 - 75 full year equivalent)	0
Paul Jackson Director (until 31 August 2008)	35 - 40 (85 - 90 full year equivalent)	0	75 - 80	0
Sue Townsend (see footnote*) Director (from 26 May 2008)	60 - 65 (70 - 75 full year equivalent)	0	Not applicable	Not applicable
Neil Goodall Director (until 14 Sept 2008)	30 - 35 (70 - 75 full year equivalent)	0	65 - 70	0
Richard Parkes Director	90 - 95	0	70 - 75	0
Alison Thorne-Henderson Director (until 31 October 2008)	35 - 40 (65 - 70 full year equivalent)	0	65 - 70	0
Alan Fairney Director (until 31 March 2008)	Not applicable	Not applicable	70-75	0
Bob Banham Non-Executive Director	10 - 15	0	10 - 15	0
Julian Lee Non-Executive Director	10 - 15	0	5 - 10	0
Nigel Palmer Non-Executive Director (from 18 July 2007)	10 - 15	0	5 - 10 (10 - 15 full year equivalent)	0

* Now Sue Ketteridge formerly Townsend

Remuneration

Remuneration includes gross salary; performance pay or bonuses 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 employer pension contributions) of the Chief Executive, Peter Cardy, was £137,400. 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 the MCA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Further details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2008-09, employers' contributions of £6,133,000 were payable to the PCSPS (2007-08 £6,202,268) 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 usually every four years following a full scheme valuation. From 2009-10, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2008-09 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 £30,562 (2007-08: £35,541) 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 2009.

Pension Benefits (Audited)

The pension details of the members of the Executive Board, in their capacity as directors of the MCA, were as set out on page 33. None of the non-executive directors had a pension in their capacity as non-executive director of the MCA. No member of the Executive Board had a Partnership Pension.

	Accrued pension at pension age and related lump sum as at 31 March 2009	Real increase in pension and related lump sum at pension age	Cash Equivalent Transfer Value at 31 March 2009	Cash Equivalent Transfer Value at 31 March 2008	Real increase in Cash Equivalent Transfer Value
	£'000	£'000	£'000	£'000	£'000
Peter Cardy Chief Executive	0 - 5	0 - 2.5	80	41	34
Paul Jackson (See footnote*) Director (until 31 August 2008)	20 - 25 plus lump sum of 50 - 55	5 - 7.5 plus lump sum of 7.5 - 10	385	267	106
Neil Goodall Director (until 14 September 2008)	5 - 10	0 - 2.5	155	147	4
Alison Thorne-Henderson Director (until 31 October 2008)	5 - 10 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of -2.5 - 0	120	105	3
Bill McFadyen Acting Director	20 - 25 plus lump sum of 65 - 70	5 - 7.5 plus lump sum of 15 - 17.5	434	304	110
Sue Townsend (See footnote**) Director (from 26 May 2008)	20 - 25 plus lump sum of 70 - 75	0 - 2.5 plus lump sum of 5 - 7.5	353	304	28
Richard Parkes Director	10 - 15	0 - 2.5	198	153	32

* Paul Jackson left under Flexible Early Retirement Terms on 31 August 2008. He received immediate payment of his pension and associated lump sum. No compensation payment was made.

** Now Sue Ketteridge formerly Townsend

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

Alison Thorne-Henderson left under Compulsory Early Severance Terms on 31 October 2008. She received a compensation payment of £95-100k.

Neil Goodall left under Compulsory Early Retirement Terms on 14 September 2008. The total compensation paid to him is as follows:

- A lump sum compensation payable at date of leaving of £55-60k.
- An annual compensation payment of £10-15k, payable until the age of 60.
- An annual compensation payment of £5-10k, payable from the age of 60.

Alan Fairney left under Compulsory Early Retirement Terms on 31 March 2008. He received immediate payment of his pension and associated lump sum plus a compensation payment of £20-25k.



Peter Cardy Chief Executive
24 June 2009

Annual Accounts

of the Maritime and Coastguard Agency
for the year ended 31 March 2009

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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 2008-09

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the delivery of the Maritime and Coastguard Agency's (MCA) 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.

I am responsible to the Secretary of State for Transport as laid out in the MCA's Framework Document. The MCA, as an executive Agency of the Department (DfT), works closely with our sponsors in International Networks and Environment Group.

I am supported in my role by the MCA's Executive Board, which I chair. The Executive Board comprises the Director of Finance and Governance, Director of Corporate Support, Director of Maritime Services, and the Agency's three Non-Executive Directors. The Board meets eleven times in a year. This Board decides the strategic direction of the Agency, with guidance from the Agency's Advisory Board, comprising the DfT Director General and senior personnel from the International Networks and Environment Group, the MCA Chief Executive and the MCA Director of Finance and Governance, and two External Members appointed by the Department. On behalf of the Secretary of State, the Advisory Board oversees the Agency's strategic direction, reviews progress towards the achievement of ministerial targets and Agency objectives, and monitors how the Agency addresses financial control and corporate risk.

The MCA's Executive Board is supported by the Audit Committee comprising the Agency's three Non-Executive Directors, one of whom chairs

the Committee. The Senior Management Team supports and advises the Executive Board on strategic projects, and reviews performance and risk on a regular basis. The Executive Board is also advised by internal and external committees including the Health and Safety Committee, the Quality System Management Review Board, the Fishing Industry Safety Group, and the Human Element Advisory Group.

Ministers are involved with managing risk through the escalation of corporate risks to the relevant DfT group report. All policy papers seeking Ministerial decisions submitted by the Agency include analysis of potential 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 a continuous process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they happen, (in part or in full), and to manage them efficiently, effectively and economically. The system of internal control has been in place in the MCA for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

I acknowledge my responsibility for the effective management of Corporate Risk. Throughout the year we have developed and strengthened the Agency's approach to risk management. The Executive Board retains ownership and regularly

reviews all corporate risks. An escalation process has been put in place to raise risks from directorate risk registers to the Agency risk register. Clear guidelines are in place for the escalation of risks to the DfT where the Agency is unable to manage risk within its resources.

The Agency's Audit Committee meets four times a year where it reviews the Agency Risk Register, with a focus on the development of the Agency's risk model.

Understanding and awareness of corporate risk management has progressed during the year, with the establishment of some directorate and regional risk registers supported by a programme of risk awareness seminars. All senior managers have received guidance and training on corporate risk. A programme of risk workshops and awareness training sessions continues to be rolled out across the Agency. I expect all directorates and regions to have well developed risk registers over the coming months.

4. The Risk and Control framework

The Risk Framework

The Agency's Risk Management Policy lays down management's commitment to managing corporate risk and complies with Treasury guidance (Orange Book). Risks are managed locally with guidance and advice from the Agency's Lead Auditor – Corporate Risk. Where risks cannot be managed within a location's resources (budget, personnel or authority) risks are escalated to directorate or Agency risk registers via management boards where risk assessments are discussed and agreed. All risks escalated to the Agency Risk Register are approved by relevant Directors who take ownership before submission to the Executive Board. Risks can be further escalated to DfT, according to DfT central guidelines.

The risk management process enabled us to identify the gaps in controls in the areas of

HSE, the Coastguard Rescue Service, and the Survey and Inspection service. We had identified these areas for review in our internal audit plan for 2008-09 and following investigations, we developed and implemented action plans to mitigate the risks identified.

During the year, for example, we recognised concerns about embedding a health and safety culture across the Agency and with our volunteer Coastguard Rescue Service. Focused processes, a clearer governance committee structure, and practical training of our volunteers were all undertaken to manage that identified risk.

Another identified risk surrounded the restructuring of the Agency's Headquarters in preparation for the anticipated move of some of our transactional functions to the DfT's Shared Services Centre in Swansea, which was then deferred. This resulted in some loss of corporate knowledge in our people management and finance teams and work we expected to go to the Shared Service Centre in Swansea still needed to be done. The risk was managed through careful recruitment of new people with the right skills, and pooling of transactional resources so that as the year proceeded a virtual shared services environment was created within the Agency. The MCA's successful re-accreditation of its Investor in People (IiP) status was evidence of our capacity to manage this change process successfully.

The Agency's risk management processes are audited independently by DfT Audit and Risk Assurance on an annual basis. In 2008-09 the Agency obtained acceptable assurance and has actively pursued recommendations for further improvement.

The Control Framework

The MCA is directed and controlled in line with the corporate governance arrangements as outlined by DfT. The Agency's Internal Control Assurance Framework questionnaire, allows

Senior Managers and Directors to review all internal controls and provide evidence-based assurance. DfT's Audit and Risk Assurance undertook the independent annual audit of the Internal Control and Governance processes resulting in a substantive assurance.

Data Security

I am aware that the handling of information and data is a key risk to the Agency. This is taken extremely seriously and the MCA has displayed significant progress in this area over the last year. I have issued guidance to all staff on the subject of data handling and I have emphasised the importance of the requirements contained within this guidance. In line with Cabinet Office guidance Information Asset Owners (IAOs) have been appointed and data handling is being taken extremely seriously. All staff will have completed an on-line course of training on Protecting Information by the end of 2009 and IAOs and senior managers will have further training to equip them fully to carry out their key roles.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the managers within each part of the Agency with 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 Board, and the Audit Committee and a plan to address weaknesses and build continuous improvement of the system is in place.

ISO 9001:2000 Certification

The Agency's externally certified ISO 9001:2000 Quality Management System covers all business activities, and a programme of internal quality

audits and external surveillance visits check that services are delivered to a consistent standard across the Agency. There is regular external cyclical review of our controls and systems to maintain this industry-standard ISO accreditation.

DfT Audit and Risk Assurance

The Agency is independently audited across a wide variety of areas by DfT's internal audit team, Audit and Risk Assurance. The areas audited are agreed based on risk assessments and direction from DfT. Most audits received an acceptable assurance; where deficiencies were highlighted, action plans have been put in place to improve compliance.

The system of internal control is monitored and reviewed in accordance with DfT guidance via the Internal Control Assurance Framework questionnaire. Regular reports have been made to the Senior Management Team which has reviewed and agreed the Agency's assurance in all 14 areas of control. Managers have assessed the maturity of the control framework and identified respective action plans to improve the control mechanism. This has been presented to the Executive Board and approved by the Audit Committee, which includes representatives from DfT Audit and Risk Assurance. Best practice is identified and conveyed across the business. The monthly financial management process enables effective control over Agency expenditure and income.

The overall assessment through this process provides acceptable assurance. There are some areas where weak assurance has been identified and action plans are in place to secure improvements.

Peter Cardy
Chief Executive
24 June 2009

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 2009 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 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, the information, which comprises the Management Commentary and the Financial Review included in the Annual 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 remaining parts of the Annual Report and the unaudited part of 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 opinions

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 directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2009, 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
- information, which comprises the Management Commentary and the Financial Review included within the Annual 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.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

7 July 2009

Financial Statements

Operating Cost Statement for the year ended 31 March 2009

	Note	2008-09 £'000	2007-08 £'000
Income			
Operating income	[5]	18,022	14,007
Programme Costs			
Staff costs	[2]	(44,591)	(45,891)
Establishment and accommodation costs	[3]	(38,462)	(32,129)
Other programme costs	[4]	(65,404)	(66,187)
		(148,457)	(144,207)
Net Operating Cost for the Financial Year	[15]	(130,435)	(130,200)

All income and expenditure are derived from continuing operational activities.

Statement of Recognised Gains and Losses for the year ended 31 March 2009

	Note	2008-09 £'000	2007-08 £'000
Unrealised Gains/(Losses) on revaluation of fixed assets	[16]	2,730	(589)
Recognised Gains/(Losses) for the Financial Year		2,730	(589)

Accounting policies and notes forming part of these accounts are on pages 45 to 64.

Balance Sheet as at 31 March 2009

	Note	31 March 2009		31 March 2008	
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible assets	[7]	4,965		4,968	
Tangible assets	[8]	58,000		53,871	
			62,965		58,839
Current Assets					
Stocks	[10]	2,501		2,356	
Debtors	[11]	6,350		5,464	
Cash at bank and in hand	[12]	1,091		730	
			9,942		8,550
Current Liabilities					
Creditors	[13]	(14,324)		(14,295)	
Net Current Liabilities			(4,382)		(5,745)
Total Assets less Current Liabilities			58,583		53,094
Creditors: amounts falling due after more than one year	[13]		(1,421)		0
Provisions for Liabilities and Charges	[14]		(3,000)		(5,045)
Total Assets less Liabilities			54,162		48,049
Taxpayers' Equity					
General Fund	[15]	37,640		36,842	
Revaluation reserve	[16]	16,522		11,207	
	[19]		54,162		48,049

Peter Cardy
Chief Executive

24 June 2009

Accounting policies and notes forming part of these accounts are on pages 45 to 64.

Cash Flow Statement for the year ended 31 March 2009

		2008-09	2007-08
	Note	£'000	£'000
Net cash outflow from operating activities	[21A]	(119,433)	(117,990)
Servicing of finance (finance lease repayments)	[21B]	(27)	0
Net capital expenditure	[21C]	(9,135)	(9,683)
Cash payments to the Consolidated Fund	[21D]	(1,044)	(1,142)
Net cash requirement		(129,639)	(128,815)
Financing from the Consolidated Fund	[21E]	130,000	131,000
Increase in cash	[12]	361	2,185

Accounting policies and notes forming part of these accounts are on pages 45 to 64.

Notes to the Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2008-09 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
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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.

- Full valuations of land and buildings are carried out on a five yearly basis, the latest being undertaken as at 31 March 2009. Between full 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 those properties.
- 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.
- For all assets, revaluation surpluses are credited to the revaluation reserve. Revaluation deficits are debited first to any revaluation reserve for the asset concerned and otherwise to 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.
- 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 Department for Transport and the National Audit Office.

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 Department for Transport. 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 the Department for Transport and HM Treasury.

1.12 Cost of Capital Charge

A notional 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 per cent 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.

1.15 Financial Instruments

Loans and other receivables and payables, where arising from contractual obligations, are measured initially at fair value and thereafter at amortised cost, using the effective interest rate method, until all contractual rights to cash flows expire or are transferred without recourse. Loans and other receivables are tested annually for impairment and the difference between the carrying amount and the impaired value is written off to operating costs. The carrying value of loans and receivables on the Balance Sheet is net of the provision for impairment.

Cash and cash equivalents are shown at fair value which is either the sterling balance or the sterling equivalent of the foreign currency balances as at the balance sheet date.

Contractual provisions are measured in accordance with note 1.16.

1.16 Provisions for Liabilities and Charges

The Agency maintains a number of balance sheet provisions. These are reviewed annually as at the balance sheet date and are adjusted to reflect the latest best estimate of the liability. These adjustments are reflected in the Operating Cost Statement for the year. Where the time value of money is material, the future estimated cashflows are discounted to present values using the appropriate discount rate set by HM Treasury.

1.17 Finance Leases

Finance leases are recognised initially in the balance sheet at the fair value of the Agency's interest in the leased asset. Such assets are subsequently revalued in accordance with the policy outlined in note 1.03.

2. Staff Costs

The average number of persons employed during the year was:

	2008-09	2007-08
Board members	5	6
Frontline service deliverers and direct support staff	1,025	1,017
Corporate support staff	190	155
Total	1,220	1,178

The average employment status was :

	2008-09	2007-08
Permanent Staff	1,178	1,114
Fixed Term Contract Staff	42	64
Total	1,220	1,178

There are no centrally held records available recording temporary agency staff during the reporting periods 2007-08 and 2008-09.

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

	2008-09	2007-08
	£'000	£'000
Wages and salaries	33,573	33,814
Social security costs	2,562	2,602
Other pension costs	6,133	6,188
Early departure costs	1,667	3,053
Agency staff	656	234
Total	44,591	45,891

The above costs are net of staff costs capitalised of £451,430 (2007-08: £255,546)

3. Establishment and Accommodation Costs

	2008-09		2007-08	
	£'000	£'000	£'000	£'000
Establishment costs		10,408		9,098
Transport, travel and subsistence		3,688		3,481
Premises including leases*		9,832		9,574
Other costs		23		82
Non-Cash Items:				
Amortisation of intangible fixed assets	1,480		669	
Depreciation of other tangible fixed assets	6,489		5,244	
Finance lease adjustments relating to prior years*	1,115		0	
Revaluation deficits	2,780		2,364	
Loss/(profit) on disposal of fixed assets	103		(704)	
Notional Costs:†				
DfT support services	652		601	
Cost of capital charge	1,819		1,657	
Audit fee (IFRS implementation)	10		0	
Audit fee (statutory audit)	63		63	
		14,511		9,894
		38,462		32,129

Certain balances are now included in operating income which were previously netted off expenditure and certain items of expenditure have been re-classified. This has resulted in a restatement of prior year figures.

* Finance lease adjustments relating to prior years:

Costs relating to prior years for an office finance lease have been charged to the Operating Cost Statement for 2008-09. These comprised depreciation of £746,000 plus finance charges accrued of £1,115,000 less lease repayments of £746,000.

† Notional costs are included as follows:

- i. 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.
- ii. Cost of capital charge: This is calculated in accordance with note 1.12 to the accounts.
- iii. 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

	2008-09		2007-08	
	£'000	£'000	£'000	£'000
SAR helicopters		25,135		22,756
Emergency towing vessels		11,037		11,254
Telecommunications		6,584		5,360
Aerial spraying and surveillance		2,162		2,019
Marketing, public relations and printing		1,116		1,454
Membership subscriptions to international bodies		1,477		1,411
Counter pollution		453		1,062
Vehicle and boat fleet		725		744
Storage of equipment stockpiles		629		558
Coast rescue equipment		642		441
Uniforms		459		460
Radio surveys, inspections and advisory work		366		393
Research and technical advice projects		295		307
Channel navigation		247		229
Satellite communications		251		177
Maritime Incident Response Group equipment		103		93
Ex-gratia payments		174		(1,691)
Joint Irish Bathymetric Survey		439		544
Other		926		385
Current Grants:				
Assistance for Merchant Navy training	(1)		10,835	
Crew Relief Compensation Scheme	1,385		1,184	
		1,384		12,019
Disbursements:				
Civil hydrography	5,883		5,431	
Weather bulletins and navigational warnings	4,987		743	
Other services to industry	40		38	
		10,910		6,212
Non-Cash Items:				
Counter pollution – elimination of stock provision		(110)		0
		65,404		66,187

Current Grants: The Agency disbursed grants of £1,383,691 net of administration costs, to the shipping industry in 2008-09 (2007-08: £11,838,337). The main difference being the disbursement of Merchant Navy training grants now undertaken by the Department for Transport central office.

Disbursements: The Agency provided services to the shipping industry at a cost of £10,909,482 in 2008-09 (2007-08: £6,211,212), 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:

	2008-09			2007-08		
	Appropriated in Aid	Not Appropriated in Aid	Total	Appropriated in Aid	Not Appropriated in Aid	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory services	8,004	1,127	9,131	7,354	1,109	8,463
Operational services	1,324	0	1,324	286	0	286
Other services	2,754	0	2,754	2,150	0	2,150
Other income	4,795	18	4,813	3,074	34	3,108
Total	16,877	1,145	18,022	12,864	1,143	14,007

All income is derived from the delivery of frontline services by the Agency, with the exception of £2,066,180 (2007-08: £1,100,891) 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 £1,324,000 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.

Certain balances are now included in operating income which were previously netted off expenditure. This has resulted in a restatement of prior year figures.

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.

	2008-09			2007-08		
	Income £'000	Expenditure £'000	Net £'000	Income £'000	Expenditure £'000	Net £'000
Statutory services						
Marine surveys	5,193	3,241	1,952	4,669	5,069	(400)
Registration of ships	1,162	939	223	1,451	870	581
Seafarers' examinations and certification	2,453	2,005	448	2,337	2,174	163
Other statutory services	183	2	181	7	2	5
Sub total	8,991	6,187	2,804	8,464	8,115	349
Operational services						
Emergency helicopter flights	217	766	(549)	170	764	(594)
Navigational warning broadcasts	370	586	(216)	414	584	(170)
Sub total	587	1,352	(765)	584	1,348	(764)
Other services						
Meteorological Office observations	0	0	0	14	32	(18)
Wider market initiatives	1,528	973	555	1,234	839	395
Non-statutory services and training	108	737	(629)	86	113	(27)
Sub total	1,636	1,710	(74)	1,334	984	350
Total	11,214	9,249	1,965	10,382	10,447	(65)

Income not included in segmental analysis (see note below)

Offshore pollution receipts	691	393
EU projects funding	1,117	74
Other income	5,000	3,158
Sub total	6,808	3,625
Total operating income as note 5	18,022	14,007

The financial objective of each of the services is full recovery of service costs in accordance with HM Treasury's 'Managing Public Money'. Income that is not derived from fees and charges is not included in the segmental analysis.

7. Intangible Fixed Assets

	Software Licences	Under Development	Total
	£'000	£'000	£'000
Cost			
As at 1 April 2008	6,881	407	7,288
Additions	354	1,123	1,477
Transfers	407	(407)	0
As at 31 March 2009	7,642	1,123	8,765
Amortisation			
As at 1 April 2008	2,320	0	2,320
Charge for year	1,480	0	1,480
As at 31 March 2009	3,800	0	3,800
Net Book Value			
As at 1 April 2008	4,561	407	4,968
As at 31 March 2009	3,842	1,123	4,965

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
Cost or Valuation							
As at 1 April 2008	46,477	10,749	20,576	6,192	3,473	248	87,715
Additions	2,419	949	210	2,196	209	2,926	8,909
Transfers	87	124	37	0	0	(248)	0
Disposals	(301)	(732)	0	0	(21)	0	(1,054)
Revaluation	5,701	629	552	(207)	67	0	6,742
As at 31 March 2009	54,383	11,719	21,375	8,181	3,728	2,926	102,312
Depreciation							
As at 1 April 2008	8,390	6,566	13,204	3,730	1,954	0	33,844
Charge for year	2,645	1,040	2,212	977	361	0	7,235
Disposals	(59)	(699)	0	0	(21)	0	(779)
Revaluation	3,738	436	114	(262)	(14)	0	4,012
As at 31 March 2009	14,714	7,343	15,530	4,445	2,280	0	44,312
Net Book Value							
As at 1 April 2008	38,087	4,183	7,372	2,462	1,519	248	53,871
As at 31 March 2009	39,669	4,376	5,845	3,736	1,448	2,926	58,000

An existing 40 year lease relating to the Aberdeen office accommodation, historically charged since inception in 1980 to costs as an operating lease, has been reclassified to a finance lease and capitalised at a value of £1,080,000 (2007-08: £Nil) and further revalued by £7,369,000 (2007-08: £Nil) to a total value of £8,449,000 (2007-08: £Nil).

Revalued depreciation of £5,276,000 (2007-08: £Nil) and depreciation charges of £773,000 (2007-08: £Nil) detailed below form the net book value of assets held on finance leases within the above figures at a value of £2,400,000 (2007-08 £Nil) under the Land and Buildings assets category.

The total depreciation charge for the period in respect of leased assets was £773,000 (2007-08: £Nil) which included an adjustment in respect of prior years of £746,000 (2007-08:£Nil).

Values in respect of the short and long term obligations under the finance lease are set out in Note 20.

Analysis of Land and Buildings by tenure:

	31 March 2009	31 March 2008
	£'000	£'000
Freehold	27,242	25,467
Long leasehold (lease has 50 or more years to run from balance sheet date)	5,758	6,499
Short leasehold (lease has less than 50 years to run from balance sheet date)	6,669	6,121
Total	39,669	38,087

Prior year figures have been re-analysed in order to separate long leasehold and short leasehold details.

A formal valuation of the Agency's entire estate was carried out as at 31 March 2009 by external valuers. The valuers were S G Pollock FRICS of James Barr and J R Marwood MRICS of Hartnell Taylor Cook. 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).

9. Capital Commitments

There were commitments outstanding of £3,830,000 for capital expenditure contracts as at 31 March 2009 (31 March 2008: £910,000).

	2008-09 £'000
Radio equipment replacement	2,737
Bigbury building	93
Cruden Bay building	280
Orpington Marine Office building	120
Consolidated European Reporting System (Shipping)	600
Total	3,830

10. Stocks

	31 March 2009 £'000	31 March 2008 £'000
Communications equipment	266	284
Dispersant stocks	2,235	2,072
Total	2,501	2,356

11. Debtors

	31 March 2009 £'000	31 March 2008 £'000
Amounts falling due within one year		
Trade debtors	1,900	926
VAT debtor	480	701
Other debtors	125	110
Prepayments and accrued income	3,688	3,551
	6,193	5,288
Amounts falling due after more than one year		
Other debtors	157	176
Total	6,350	5,464

Included in other debtors is £127,918 (31 March 2008: £144,406) in the form of staff relocation housing loans, of which £30,729 (31 March 2008: £35,715) is repayable within one year and £97,189 (31 March 2008: £108,691) in subsequent years. The number of staff members who have housing loans is 37 (31 March 2008: 41).

Intra-Government Debtors

	31 March 2009	31 March 2008
	£'000	£'000
Amounts falling due within one year		
Balances with other central Government bodies	2,158	1,315
Balances with local authorities	406	45
Balances with NHS trusts	70	68
Balances with public corporations and trading funds	0	35
Balances with bodies external to Government	3,559	3,825
Total	6,193	5,288
Amounts falling due after more than one year		
Balances with bodies external to Government	157	176
Total	6,350	5,464

12. Cash at Bank and in Hand

The movement in cash balances in the year to 31 March 2009 was:-

	2008-09	2007-08
	£'000	£'000
Balance at 1 April	730	(1,455)
Increase in cash and bank balances	361	2,185
Balance at 31 March	1,091	730

The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances were held at 31 March 2009:-

	31 March 2009	31 March 2008
	£'000	£'000
Balance at OPG	715	289
Balances with commercial banks and cash in hand	376	441
Total	1,091	730

13. Creditors

	31 March 2009	31 March 2008
	£'000	£'000
Amounts falling due within one year		
Trade creditors	0	2
Finance lease creditor	174	0
Other taxation and social security	6	6
Other creditors	43	79
Accruals	9,734	10,047
Deferred income	3,588	3,844
Consolidated Fund overfunding	622	261
Consolidated Fund extra receipts	157	56
Total	14,324	14,295
Amounts falling due after one year		
Finance lease creditor (external to Government)	1,421	0

Intra-Government Creditors

	31 March 2009	31 March 2008
	£'000	£'000
Amounts falling due within one year		
Balances with other central Government bodies	1,429	867
Balances with local authorities	52	19
Balances with NHS trusts	0	6
Balances with public corporations and trading funds	2	4
Balances with bodies external to Government	12,841	13,399
Total	14,324	14,295

14. Provisions for liabilities and charges

	Other Payments	Dilapidation Costs	Early Departure Costs	Total
	£'000	£'000	£'000	£'000
As at 1 April 2008	258	1,498	3,289	5,045
Arisen during year	95	0	16	111
Released during year	0	(310)	0	(310)
Utilised during year	(24)	(17)	(1,805)	(1,846)
As at 31 March 2009	329	1,171	1,500	3,000

Future estimated costs have been discounted using a discount rate of 3.5% where the effect of discounting is significant.

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.

The provision for dilapidation costs represents the estimated expenditure, best estimates recognising uncertainty over timing and extent of remediation, to revert leasehold properties back to their original condition, in accordance with the terms of certain leases.

The provision for early departure costs represents the balance of 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 2021.

15. General Fund

	31 March 2009	
	£'000	£'000
Balance as at 1 April 2008		36,842
Net operating cost for the year	(130,435)	
Repayment of Consolidated Fund extra receipts	(1,145)	
	(131,580)	
Financing from the Consolidated Fund	129,639	
Notional costs	2,544	
Transfer from Revaluation Reserve (revaluation surpluses on assets disposed of)	195	
	132,378	
Increase in General Fund		798
As at 31 March 2009		37,640

16. Revaluation Reserve

	Land and Buildings	Vehicles and Boats	Communication Equipment	IT and Office Equipment	Other Plant	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2008	10,961	213	0	10	23	11,207
Revaluation surpluses	3,218	193	438	56	81	3,986
Revaluation deficits	(1,256)	0	0	0	0	(1,256)
Taken to operating cost statement	2,645	0	0	135	0	2,780
Taken to General Fund (revaluation surpluses on assets disposed of)	(195)	0	0	0	0	(195)
As at 31 March 2009	15,373	406	438	201	104	16,522

17. Movements in Operational Working Capital

	2008-09	2007-08
	£'000	£'000
Increase in stocks	145	260
Increase/(decrease) in operational debtors	886	(220)
Decrease/(increase) in operational creditors	433	(1,230)
Increase/(decrease) in operational working capital	1,464	(1,190)

18. Reconciliation of Net Cash Expenditure

	Note	2008-09	2007-08
		£'000	£'000
Cash resource and capital payments		145,434	143,829
Cash resource and capital receipts		(18,194)	(14,966)
Cash movement in working capital		2,399	(48)
Financing from the Consolidated Fund	[15]	129,639	128,815
Consolidated Fund extra receipts	[5]	(1,145)	(1,143)
Net cash expenditure		128,494	127,672

19. Reconciliation of Movement in Government Funds

	Note	2008-09 £'000
As at 1 April 2008		48,049
Increase in General Fund	[15]	798
Increase in revaluation reserve	[16]	5,315
As at 31 March 2009		54,162

20. Commitments under Leases

Operating leases

At 31 March 2009 the Agency was committed to making the following payments during the next year in relation to operating leases expiring:-

	31 March 2009 Land and Buildings £'000	31 March 2008 Land and Buildings £'000
Within 1 year of Balance Sheet date	607	298
After 1 year and before 5 years of Balance Sheet date	803	734
After 5 years from Balance Sheet date	2,016	2,206
Total	3,426	3,238

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

Finance lease

At 31 March 2009 the Agency was committed to making the following payments under a finance lease for an office building:

	31 March 2009 £'000	31 March 2008 £'000
Payable within one year of Balance Sheet date	174	0
Payable after 1 year and before 5 years from Balance Sheet date	696	0
Payable after 5 years from Balance Sheet date	1,107	0
Total	1,977	0

21. Cash Flow Information

A. Reconciliation of net operating cost to operating cash flows

	Note	2008-09 £'000	2007-08 £'000
Net operating cost	[15]	(130,435)	(130,200)
Non-cash items	[3]/[4]	14,401	9,894
(Decrease)/increase in operational working capital other than cash	[17]	(1,464)	1,190
Elimination of stock provision		110	0
(Decrease)/increase in provisions for liabilities and charges	[14]	(2,045)	1,126
Net cash outflow from operating activities		(119,433)	(117,990)

B. Servicing of finance

	Note	2008-09 £'000	2007-08 £'000
Lease repayments in respect of finance lease	[20]	(27)	0

C. Analysis of capital expenditure

	Note	2008-09 £'000	2007-08 £'000
Purchase of Tangible Fixed Assets	[8]	(8,909)	(7,528)
Purchase of Intangible Fixed Assets	[7]	(1,477)	(3,114)
	[7]/[8]	(10,386)	(10,642)
Non-cash item (finance lease prior year adjustment)		1,080	0
Cash outflow		(9,306)	(10,642)
Receipts from sale of Tangible Fixed Assets		171	959
Receipts from sale of Intangible Fixed Assets		0	0
Net capital expenditure		(9,135)	(9,683)

D. Reconciliation of payments to the Consolidated Fund

	Note	2008-09 £'000	2007-08 £'000
Payments per the General Fund	[15]	(1,145)	(1,143)
Consolidated Fund extra receipts opening creditor	[13]	(56)	(55)
Consolidated Fund extra receipts closing creditor	[13]	157	56
Cash payments to the Consolidated Fund		(1,044)	(1,142)

E. Reconciliation of financing from the Consolidated Fund

	Note	2008-09 £'000	2007-08 £'000
Financing per the General Fund	[15]	129,639	128,815
Consolidated Fund financing opening (creditor)/debtor	[13]	(261)	1,924
Consolidated Fund financing closing creditor	[13]	622	261
Financing from the Consolidated Fund		130,000	131,000

22. Special Payments

During the year there were no special payments that require reporting.

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. The contingent assets relate to the *MSC Napoli*, *Ice Prince* and *Sinegorsk* incidents. In 2008-09 counter pollution claims totalling £280,000 relating to *Riverdance* were received by the MCA (2007- 08: £64,995).

24. Contingent Liabilities

The Agency faces a potential compensation claim and information required by Financial Reporting Standard 12 is not disclosed on the grounds that it might seriously prejudice the outcome of this case.

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 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 for Transport. The authorised date for issue is 16th July 2009.

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

As the cash requirements of the MCA are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity, or market risk or risks arising from interest rate fluctuations. The Agency has limited exposure to risks arising from foreign currency fluctuations.

Annexes

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Annex A

Projected costs and income by business activity 2009-11

	2009/10 £'000	2010/11 £'000
Safer Lives		
Staff, establishment & accommodation costs	40,597	41,137
Non cash costs	6,185	6,346
Other programme costs & disbursements	37,780	39,105
Income Appropriated in aid	(430)	(591)
Total Resource	84,132	85,997
Capital Expenditure	5,877	5,686
Safer Ships		
Staff, establishment & accommodation costs	25,068	25,720
Non cash costs	2,188	2,245
Other programme costs & disbursements	13,888	15,092
Income Appropriated in aid	(8,772)	(9,093)
Total Resource	32,372	33,964
Capital Expenditure	2,938	3,016
Cleaner Seas		
Staff, establishment & accommodation costs	2,345	2,406
Non cash costs	363	373
Other programme costs & disbursements	14,672	15,504
Income Appropriated in aid	(1,857)	(1,915)
Total Resource	15,523	16,368
Capital Expenditure	550	563
Total		
Staff, establishment & accommodation costs	68,010	69,263
Non cash costs	8,736	8,964
Other programme costs & disbursements	66,340	69,701
Income Appropriated in aid	(11,059)	(11,599)
Total Resource	132,027	136,329
Capital Expenditure	9,365	9,265

Annex B

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

Data Sources: (Calendar Year)

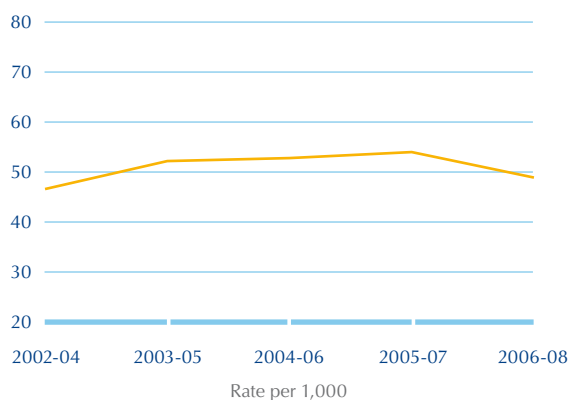
MAIB Numbers of UK registered fishing vessel accidents and losses. Data is published in the MAIB Annual Report.

RSS Number of UK registered fishing vessels.

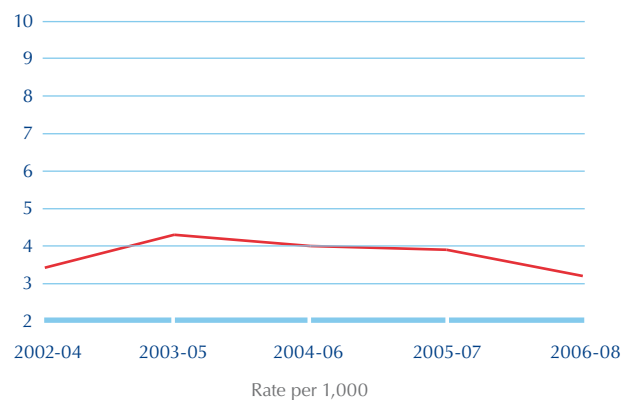
Annual Data	2004	2005	2006	2007	2008
No. of accidents	314	361	346	317	259
No. of losses	24	34	19	21	20
No. of vessels	6,693	6,314	6,346	6,315	6,185
Accidents per 1,000	46.9	57.2	54.5	50.2	41.9
Losses per 1,000	3.6	5.4	3.0	3.3	3.2

3 Year Rolling Average	2002-04	2003-05	2004-06	2005-07	2006-08
Average no. of accidents	318	343	340	341	307
Average no. of losses	23	28	26	25	20
Average no. of vessels	6,823	6,579	6,451	6,325	6,282
Accident rate per 1,000	46.6	52.1	52.8	54.0	48.9
Loss rate per 1,000	3.4	4.3	4.0	3.9	3.2

O1a: The Rate of Accidents Involving UK Registered Fishing Vessels



O1a: Accidents

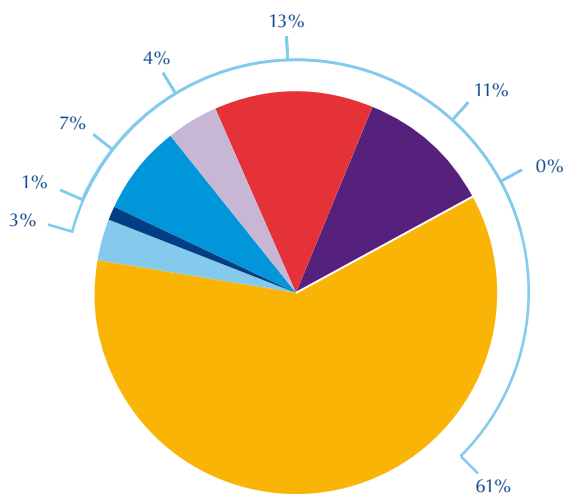


O1a: Losses

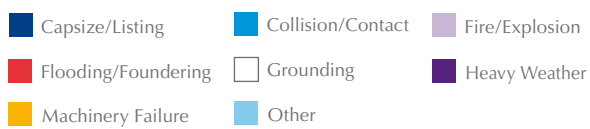
Fishing Vessel Accidents by Type

Annual Data

Type of Accident	2004	2005	2006	2007	2008
Capsizing/listing	2	6	5	3	3
Collision/contact	17	26	15	22	19
Fire/Explosion	14	16	15	10	11
Flooding/Foundering	40	55	34	31	33
Grounding	28	19	24	24	28
Heavy Weather	2	3	1	5	0
Machinery Failure	202	231	240	214	157
Other	9	5	12	8	8
Total	314	361	346	317	259



Accident Types 2008



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

Data Sources: (Calendar Year)

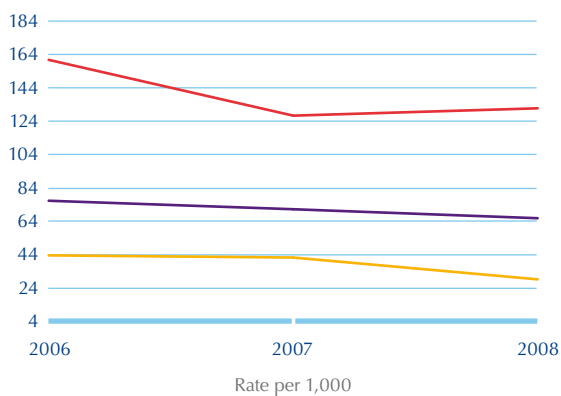
MAIB Number of accidents to UK registered fishing vessels by length.

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	5,595	541	210
No. of accidents	243	87	16
2006: Accidents per 1,000	43.4	160.8	76.2
No. of vessels	5,584	534	197
No. of accidents	235	68	14
2007: Accidents per 1,000	42.1	127.3	71.1
No. of vessels	5,973	501	289
No. of accidents	174	66	19
2008: Accidents per 1,000	29.1	131.7	65.7



O1b: Fishing Vessel Accidents by Length

- Under 15m (LOA)
- 15m (LOA) – 24m (RL)
- Over 24m (RL)

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.

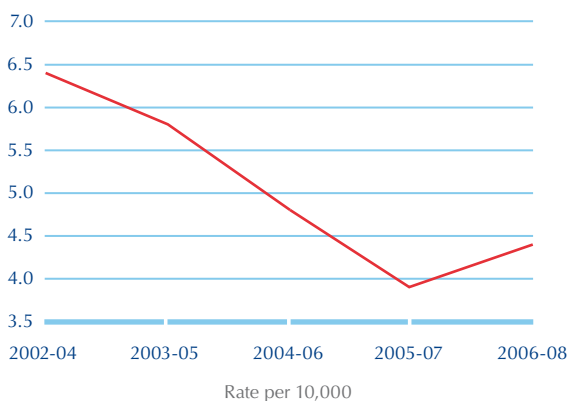
Defra Number of crew on UK registered fishing vessels – data for 2008 estimated.

Annual Data	2004	2005	2006	2007	2008
Crew deaths*	9	3	7	5	5
Total crew†	13,453	12,831	12,934	12,729	13,085
Crew deaths per 10,000	6.7	2.3	5.4	3.9	3.8
No vessels involved	7	3	6	5	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. 2008 data is an estimate only.

3 Year Rolling Average	2002-04	2003-05	2004-06	2005-07	2006-08
Crew deaths	9	8	6	5	6
Total crew	13,593	13,135	13,073	12,831	12,916
Crew deaths per 10,000	6.4	5.8	4.8	3.9	4.4



O1c: Crew Deaths

— Crew deaths

O1d: The Rate of Accidents Involving UK Registered Merchant Ships

Data Sources: (Calendar Year)

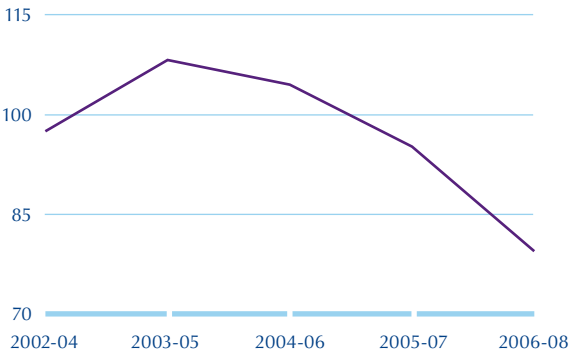
MAIB Number of accidents to UK registered merchant ships 100GT and over. Data is published in the MAIB Annual Report.

MCA Headquarters Number of UK registered merchant ships 100GT and over

GT = Gross Tonnes.

Annual Data	2004	2005	2006	2007	2008
No. of accidents	138	186	125	108	126
No. of ships	1,404	1,438	1,456	1,509	1,550
Accidents per 1,000	98.3	129.3	85.9	71.6	81.3

3 Year Rolling Average	2002-04	2003-05	2004-06	2005-07	2006-08
Average no. of accidents	132	154	150	140	120
Average no. of ships	1,357	1,420	1,433	1,468	1,505
Rate per 1,000	97.5	108.2	104.5	95.2	79.5



O1d: Accidents – Rate per 1,000

— UK Fleet



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 2008 (estimated). Number of crew on merchant ships from 2008 (estimated).

MAIB Number of deaths to passengers and crew on merchant ships resulting from the operation of the vessels.

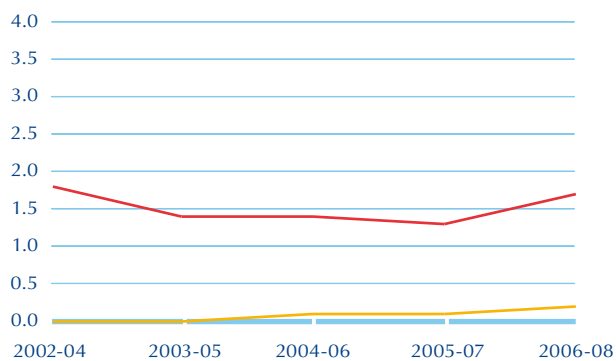
Annual Data	2004	2005	2006	2007	2008
Crew deaths*	7	2	3	5	5
Total crew (estimated)†	28,200	27,180	27,690	24,100	25,890
Crew deaths per 10,000	2.5	0.7	1.1	2.1	1.9
Passenger deaths	0	0	1	0	2
Total passengers ('000)*	53,956	52,611	52,544	54,258	52,322
Passenger deaths per 10,000,000	0.0	0.0	0.2	0.0	0.4

* 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.

- Figures for 2005 to 2007 have been revised following a correction to an error in updating estimated totals with actuals.

3 Year Rolling Average	2002-04	2003-05	2004-06	2005-07	2006-08
Crew deaths (merchant ships)	5.0	4.0	4.0	3.3	4.3
Total crew (merchant ships)	27,783	28,067	27,690	26,323	25,893
Crew deaths per 10,000	1.8	1.4	1.4	1.3	1.7
Passenger deaths	0.0	0.0	0.3	0.3	1.0
Total passengers ('000)	53,989	53,601	53,037	53,138	53,041
Passenger deaths per 10,000,000	0.0	0.0	0.1	0.1	0.2



O1e: Passenger and Crew Deaths

- Crew deaths: rate per 10,000
- Passenger deaths: rate per 10,000,000

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)

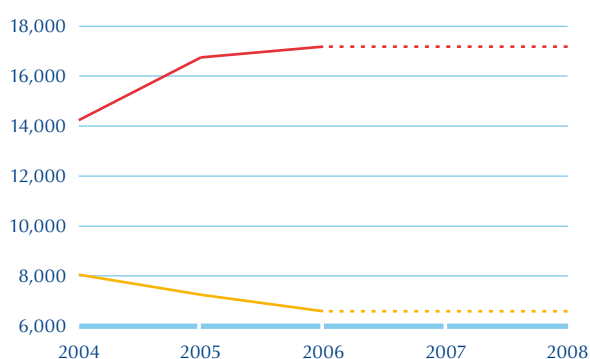
MCA Data is collated in MCA Headquarters.

What we previously specified as an 'accident' is now termed 'Assistance Given'.

Incidents	2004	2005	2006	2007	2008
Incidents	14,240	16,754	17,185	No Data	No Data
Assistance given	8,056	7,252	6,592	No Data	No Data
Hoax	301	406	529	No Data	No Data
Deaths	2004	2005	2006	2007	2008
Suicide	115	113	105	71*	92*
Crime	135	100	68	73*	96*
Natural causes	34	29	33	39*	28*
Accident maritime	100	101	124	127*	93*
Accident land	23	34	30	40*	20*
Uncategorised	14	0	0	6*	0*
Total Lives lost	421	377	360	356*	329*

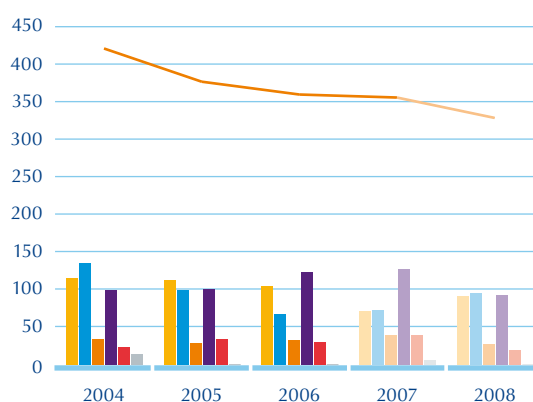
As part of the Government's response to the Transport Select Committee investigation into 'The work of the MCA' in July 2004, we initiated an analysis of incident and death statistics to help us inform our policies. This analysis has resulted in a new set of categories being used above. Those deaths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



O2a: Incidents and Assistance given

— Incidents — Assistance given - - - No data



O2a: Deaths

■ Suicide ■ Crime ■ Natural causes
 ■ Accident maritime ■ Accident land ■ Uncategorised
 — Total lives lost



O2b: A breakdown of the number of incidents and deaths recorded by HM Coastguard within the UK Search and Rescue Region by activity

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.

		2004	2005	2006	2007	2008
Leisure	Diving	39	38	40	No Data	No Data
	Diving-medical	54	101	102	No Data	No Data
	Watersports	1,270	1,612	753	No Data	No Data
	Inshore vessels	2,561	1,823	2,038	No Data	No Data
Commercial	Shipping	830	550	582	No Data	No Data
	Fishing vessels	521	628	360	No Data	No Data
	Commercial diving	131	121	90	No Data	No Data
Shoreside	Shoreside	744	512	591	No Data	No Data
	Beach	672	604	705	No Data	No Data
Other	Medical matters	481	431	458	No Data	No Data
	Other	753	832	873	No Data	No Data
Total assistance given		8,056	7,252	6,592	0	0

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

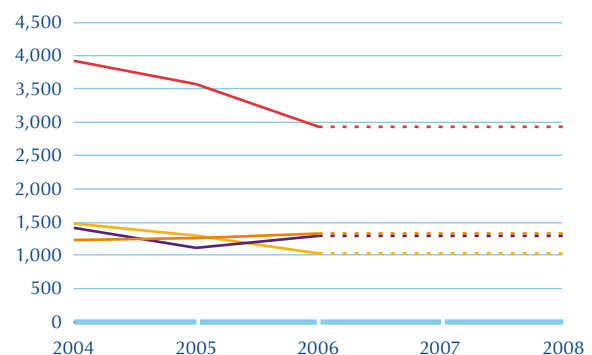
'Shoreside' covers activities such as cliff or beach walking.

'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.



O2b: Breakdown of Incidents

— Total leisure — Total shoreside ... No data
— Total commercial — Total other

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 and 2007 have been restated. We have no data for 2008 as Coastguards have not been compiling statistics on a database due to industrial action short of a strike.

Annual Data	2004	2005	2006	2007	2008
Total no. of incidents	633	650	559	470	No Data
Tankers	8	8	9	5	No Data
Other vessels	120	107	140	134	No Data
Total no. of vessel incidents	128	115	149	139	No Data
% ship related incidents	20.2	17.7	26.7	29.6	No Data
Total no. of spills over 2 tonnes	10	10	1	3	No Data
% spills over 2 tonnes from vessels	7.8	8.7	0.7	2.2	No Data



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 16 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	9,573.0	740.0	0.0
	Lost	56.0	503.0	0.0
2006	Net saved	9,517.0	237.0	0.0
	Saved	30,059.0	2,700.0	217,860.0
	Lost	152.0	150.0	2,260.0
2007	Net saved	29,907.0	2,550.0	215,600.0
	Saved	13,811.5	804.5	77,624.0
	Lost	235.5	151.0	5,758.0
2008	Net saved	13,576.0	635.5	71,866.0

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

O3c: MARPOL Deficiencies

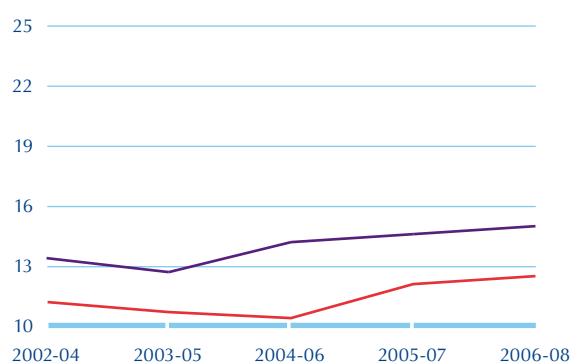
Data Sources: (Calendar Year)

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	2004	2005	2006	2007	2008
UK ships inspected	984	920	953	1,135	898
UK ships with deficiencies	96	102	100	161	111
% of UK ships with deficiencies	9.8	11.1	10.5	14.2	12.4
Foreign vessels inspected	1,768	1,894	1,649	2,093	1,758
Foreign vessels with deficiencies	257	221	274	327	226
% of foreign vessels with deficiencies	14.5	11.7	16.6	15.6	12.9

3 Year Rolling Average	2002-04	2003-05	2004-06	2005-07	2006-08
UK ships inspected	911	936	952	1,003	995
UK ships with deficiencies	102	100	99	121	124
% of UK ships with deficiencies	11.2	10.7	10.4	12.1	12.5
Foreign vessels inspected	1,743	1,785	1,770	1,879	1,833
Foreign vessels with deficiencies	234	226	251	274	276
% of foreign vessels with deficiencies	13.4	12.7	14.2	14.6	15.0



O3c: Marpol Deficiencies

- % of UK ships with deficiencies
- % of Foreign ships with deficiencies

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.

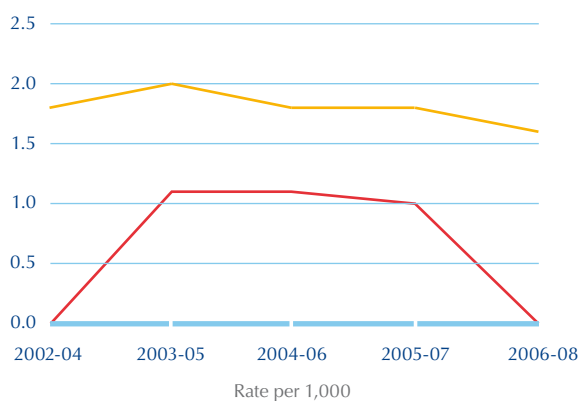
Data excludes fishing vessels, dredgers, and offshore supply vessels.

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

GT = Gross Tonnage

Annual Data	2004	2005	2006	2007	2008
World losses	77	99	85	88	75
World no. ships	47,050	48,442	50,214	51,538	52,944
World losses per 1,000	1.6	2.0	1.7	1.7	1.4
Red Ensign losses	0	4	0	0	0
Red Ensign no. ships	1,181	1,195	1,414	1,417	1,469
Red Ensign losses per 1,000	0.0	3.3	0.0	0.0	0.0

3 Year Rolling Average	2002-04	2003-05	2004-06	2005-07	2006-08
World losses	82.7	95.0	87.0	90.7	82.7
World no. ships	46,875	47,470	48,569	50,065	51,565
World losses: rate per 1,000	1.8	2.0	1.8	1.8	1.6
Red Ensign losses	0.0	1.3	1.3	1.3	0.0
Red Ensign no. ships	1,155	1,197	1,263	1,342	1,433
Red Ensign losses: rate per 1,000	0.0	1.1	1.1	1.0	0.0



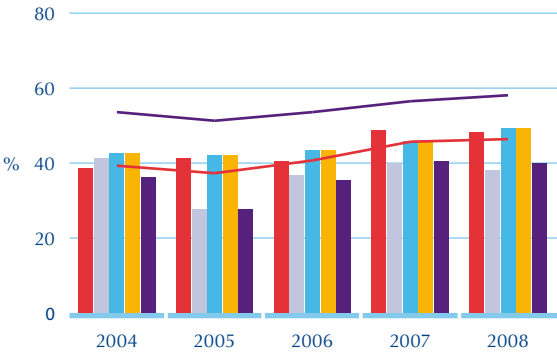
O4a: Losses

— World — Red Ensign

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

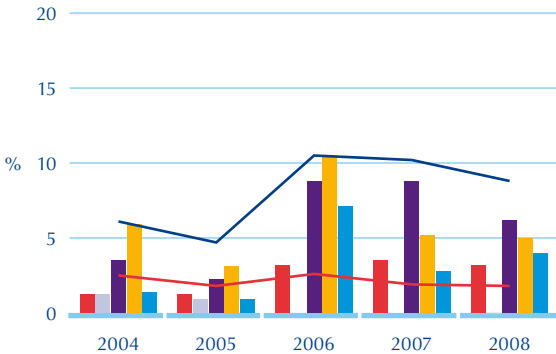
Data Sources: (Calendar Year)
 Paris Memorandum of Understanding (MOU).
 Red Ensign Fleet Category 1 Registers: UK, Bermuda, Cayman Islands, Isle of Man, Gibraltar.
 Paris MOU EU Member States, Canada, Croatia, Poland, Russia and Norway.

Annual Data	2004	2005	2006	2007	2008
Total no. inspections	1,191	1,306	1,397	1,504	1,549
No. with deficiencies	468	487	569	688	718
% with deficiencies	39.3	37.3	40.7	45.7	46.4
% with deficiencies (MOU)	53.6	51.3	53.6	56.5	58.1
No. of detentions	30	23	36	29	28
% detained	2.5	1.8	2.6	1.9	1.8
% with detentions (MOU)	6.1	4.7	10.5	10.2	8.8



O4b: % Deficiencies

UK Bermuda Cayman Islands
 Gibraltar Isle of Man
 REG total Paris MOU



O4b: % Detentions

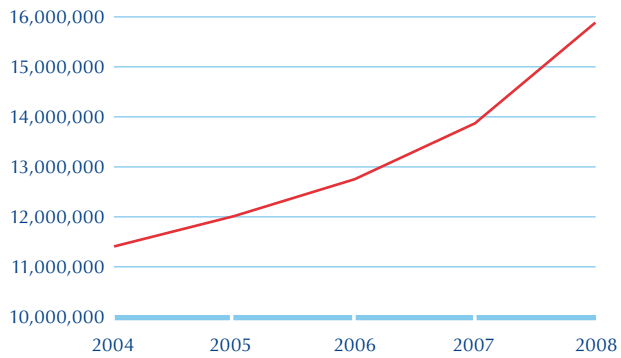
UK Bermuda Cayman Islands
 Gibraltar Isle of Man
 REG total Paris MOU

O4c: UK Ship Register Activity

Data Sources: (Calendar Year)

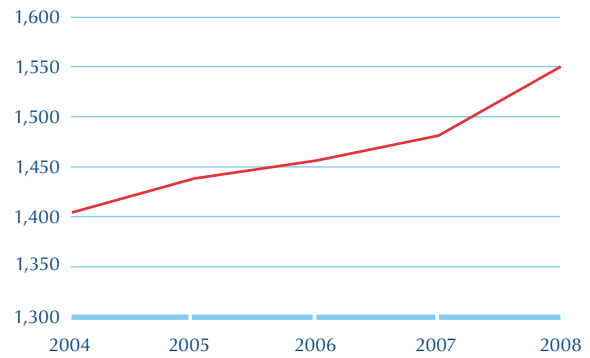
UKSR Number and Gross Tonnage of UK registered merchant ships 100GT and over

	2004	2005	2006	2007	2008
Gross tonnage	11,409,754	12,018,176	12,755,568	13,874,361	15,888,843
Number of ships	1,404	1,438	1,456	1,481	1,550



O4c: UK Ship Register – Tonnage

— Gross Tonnage in 1,000s



O4c: Number of Ships on the UK Ship Register – Merchant ships 100GT and over

— Number of ships

Annex C

Glossary

AIS	Automatic Identification System	MIRG	Maritime Incident Response Group
ACOPS	Advisory Committee on the Protection of the Sea	MMO	Marine Management Organisation
CERS	Consolidated European Reporting System	MNTB	Merchant Navy Training Board
CHP	Civil Hydrography Programme	MOD	Ministry of Defence
CPSO	Counter Pollution & Salvage Officers	MOU	Memorandum of Understanding
DECC	Department for Energy and Climate Change	MRCC	Maritime Rescue Co-ordination Centre
Defra	Department for the Environment, Food and Rural Affairs	MSI	Marine Safety Information
DfT	Department for Transport	OREI	Offshore Renewable Energy Installations
EMSA	European Marine Safety Agency	PSHE	Personal, Social and Health Education
ETV	Emergency Towing Vessels	REG	Red Ensign Group
ILO	International Labour Organization	RoSPA	Royal Society for the Prevention of Accidents
IMO	International Maritime Organization	RNLI	Royal National Lifeboat Institution
ISM	International Safety Management Code	RSS	Registry of Shipping and Seamen
ISO	International Organization for Standardisation	SAR	Search and Rescue
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	SVD	Single Vessel Database
MCA	Maritime and Coastguard Agency	TRANSEC	Transport Security and Contingencies Directorate
		VTMD	Vessel Traffic Monitoring Directive
		VTS	Vessel Traffic Services



Ministerial Targets 2009-10

1. Maintain the quality of maritime emergency co-ordination and response by the Coastguard.
- 2a. 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.
- 2b. At each MCA Search and Rescue helicopter base, a helicopter will be available at least 98% of the time they are contracted to respond to incidents.
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 (LRF).
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.

Our Service Standards

In addition to the Service Standards on page 11, we have also now adopted the following commitments.

Common Standards across the DfT

- We will provide a full response to enquiries quickly.
 - We will provide a full response to complaints quickly.
 - We will respond to telephone calls promptly and endeavour to resolve all enquiries at the first call.
 - We will use reliable and accurate methods to measure customer satisfaction on a regular basis.
 - We provide our customers with information that is clear, accurate and complete. If we do not have all the information required, we will advise customers when they will receive the information they requested.
- Our staff are polite and friendly to customers at all times and understand our customer needs.
 - We make information about the full range of services we provide available to our customers and potential customers, including how and when people can contact us, how our services are run and who is in charge.
 - We make particular efforts to identify hard-to-reach and disadvantaged groups and individuals and have developed our services in response to their specific needs. We have policies and procedures that support the right of all customers to expect excellent levels of service.

