Maritime &
Coastguard
Agency

Maritime and Coastguard Agency

Annual Report and Accounts 2013-2014

HC 450

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Our vision is to be the best maritime safety organisation in the world, committed to ***Safer Lives, Safer Ships, Cleaner Seas***.

Our core values are: ***Safety, Professionalism, Trust and Respect***

Foreword

I am very pleased to present our Annual Report and Accounts for 2013-2014. This Annual Report sets out our achievements against the Business Plan we published in April 2013. With the support of our excellent staff, the Agency has made significant progress against a backdrop of unprecedented change affecting all areas of our activity. We have made decisive progress in the modernisation programme for Her Majesty's Coastguard, with new terms and conditions for our staff and the fitting out of the new Maritime Operations Centre in Fareham. We have taken on the management of the UK's transition to the new search and rescue helicopter service; we have started to refresh our information technology and prepared our systems for the move to a Shared Services environment; and we are improving the efficiency of our ship survey and inspection service.

The maritime sector contributes around £13.8 billion to the UK economy annually. The first London International Shipping Week in September 2013 demonstrated the importance of shipping and maritime business to the government's strategic push for growth. What we do is vital to that same growth agenda. We provide a modern regulatory and standards-setting framework that facilitates safe shipping operations, working closely with our industry to develop, implement and secure compliance with appropriate and proportionate safety requirements.

We are improving the efficiency and productivity of our ship survey and inspection services through changes to working practices and better prioritisation, taking account of potential revenue from fee-earning work. After a decade of growth in terms of the tonnage on the UK Ship Register, it is clear that we have entered a period of relative decline. We are working with ship owners and operators to understand their business needs and to seek ways of attracting more ships to the UK flag in support of our vibrant maritime sector.

We continue to provide a first class emergency response service, coordinating maritime search and rescue incidents and tackling pollution from shipping. Since January 2014 we have successfully recruited for the new roles in the modernised HM Coastguard rescue coordination service and we are now on track to complete this major change programme by the end of December 2015 in line with the revised timetable agreed in September 2013. At the same time, we have continued the programme to re-equip our 3,500 volunteer Coastguard Rescue Officers around the UK coast, whilst improving their training and securing additional full time staff to support them.

Our seafarer documentation and ship registration services continue to provide high levels of customer satisfaction, but we are not complacent and we will continue to seek opportunities to improve our customer experience still further, which will include making our interaction with customers more digital.

Our people remain our greatest asset and we are committed to their personal development. We have adopted the new Civil Service behaviours-based competency framework, improved appraisal systems and we made a commitment for all staff to dedicate at least five days annually to their own development. I have made a personal commitment to improve how we engage with our staff and how we recognise and develop their unquestionable talents.

Sir Alan Massey
Chief Executive

Strategic Report (Incorporating Financial Review for the Year)

Who We Are

The Maritime and Coastguard Agency was established on 1 April 1998 and is an executive agency of the Department for Transport (DfT).

We are committed to facilitating growth of the UK economy through maritime safety, both in terms of prevention and response activities. All of our work contributes to our vision of being the world's best maritime safety organisation, committed to *Safer Lives, Safer Ships, Cleaner Seas.* That clear vision is underpinned by our shared values of safety, professionalism, trust and respect.

Our Business Plan for 2014 to 2016 sets out the detail of our strategic and operational ambitions, including:-

- continual striving to be the best maritime safety organisation in the world
- providing the best customer service we can, and looking for opportunities to work differently within the spirit of the Civil Service Reform Plan
- implementation of the flagship Future Coastguard programme in line with the revised schedule agreed by Ministers in September 2013
- delivering an integrated, civilianised Search and Rescue helicopter service
- migrating to a Shared Services Centre
- implementing performance and efficiency improvements in our Survey and Inspection business
- modernising the Agency's systems and publishing a digital plan
- engaging more directly with our people and building on their talent
- supporting our economically vital maritime industry

A copy of our Business Plan for 2014 – 2016 can be found at: http://www.dft.gov.uk/mca/mcga07-home/newsandpublications/mcga-publications/mcga-corppubs/mcga-presspub-businessplan.htm

Performance Summary

We monitored our progress against a set of holistic Operational Priorities (OPs) and Transformational Objectives (TOs) published in our Business Plan.

Our Operational Priorities (OPs)

OP1. Maintenance of our national maritime emergency response capability, including the co-ordination of search and rescue (SAR). Commentary: This OP has been met. Highlighted achievements include, meeting our target for the number of Coastguards qualified to co-ordinate search and rescue missions, we reduced the number of Sector Manager vacancies, and we have successfully maintained our SAR capabilities and managed the programmed closure of MRCC Yarmouth in May 2013, transferring its functions and area of responsibility to MRCC Humber in Bridlington. As a result of previous uncertainties surrounding pay terms and conditions for the new Coastguard roles some MRCCs have been staffed below risk assessed levels. This uncertainty has now been addressed with agreement on their issues in September 2013. Where issues remain we will utilise tested mitigation measures, for example pairing, when necessary. Senior Management continues to monitor the situation and is confident that operationally this situation can be managed. Once the new national network becomes operational the staffing levels within the new structure will be appropriate to meet a new national risks assessment model.
OP2. Ensuring our ship survey, inspection and certification capability, and the parallel work in relation to seafarers, meets our domestic and international obligations Commentary: Recognising that some of the measures underlying this OP are reported on the basis of a calendar year, overall this OP was met. Highlighted achievements include meeting our PSC “Fair Share” commitment as set for us by the European Commission, as well as meeting our highest priority inspection requirement. We met the demand for Seafarer Certification in line with industry priorities and get over 90% reported satisfaction from our customers. We continue to find it difficult to recruit enough qualified personnel into our marine surveyor roles particularly in those areas of the country where we struggle to compete with other professions in terms of salaries. This has been recognised as a challenge and the Department for Transport is conducting a specialist pay review.
OP3. Working with the maritime industry to encourage quality companies and ships to join the UK register. Commentary: This OP has been met. Highlighted achievements include maintaining our recognition internationally as a quality ship register through the Paris and Tokyo Memoranda of Understanding and the United States Qualship21 scheme. We played a full part in London International Shipping Week designed to encourage the wider maritime business sector to come to the UK. UK registered ships continue to demonstrate their high quality through a low level of international detentions. For the first time in many years the tonnage on the UK Ship Register is falling. We must do more to understand why owners and operators of large international trading ships are not choosing to join or stay with the UK Ship Register.

OP4. Promoting, with our partners, improved safety among seafarers, the commercial fishing community and the recreational sector <u>Commentary:</u> This OP has been met. Highlighted achievements include a revised fishing safety strategy aimed at improving the general safety culture in the industry through education, training and awareness. The Fishing Industry Safety Group (FISG) has actively promoted the distribution of personal flotation devices to the fishing community. We have continued to play an active part in the development of the Water Incident Database (WAID) as a national picture that captures all water related deaths and accidents on behalf of the National Water Safety Forum (NWSF). As a result of evidence, DfT have agreed to put legislation for alcohol limits for recreational boaters on hold whilst we undertake an educational campaign aimed mainly at shore side activity. On seafarer health and safety matters, agreement has been reached to change the Code of Safe Working Practices guidance on mooring operations. We will continue to engage with the fishing industry to encourage a safety culture that will not tolerate death or serious injuries whilst fishing.
OP5. Supporting a successful and sustainable maritime sector through better regulation <u>Commentary:</u> This OP has been met. Highlighted achievements include there being no immediate prospects for European Infraction charges as a result of failure to implement EU Directives. We rigorously test regulatory proposals against their impact on business and the economy as a whole and we are developing primary legislation that will enable ambulatory referencing to international conventions and regulations so that their implementation in UK law is made much more straightforward. An area outside of MCA’s direct control is the process associated with the legislative changes which would enable ambulatory referencing. Progress with the primary legislation to allow ambulatory referencing has slowed as it goes through its parliamentary stages. There is a risk that our backlog of maritime legislation will continue to grow without these provisions being in place.
OP6. Working with other government departments and industry to reduce the likelihood of pollution incidents in UK waters <u>Commentary:</u> This OP has been met. Highlighted achievements include completing our agreed programme of priority new and routine seabed surveys under the Civil Hydrography Programme. We have maintained best value contracts for weather forecasts with the Met Office.
OP7. Deal with pollution incidents in UK waters. <u>Commentary:</u> This OP has been met. Highlighted achievements include processing over 95% of industry requests for ship-to-ship transfer operations within 24 hrs of application. There were no major pollution incidents around the UK coast and all minor incidents were managed successfully.

Our Transformational Objectives (TOs)

TO1. Modernising Her Majesty's Coastguard: Following extensive consultation and ministerial decisions announced on 22 November 2011, we will implement our Future Coastguard Programme. Commentary: This TO is on target to be met as it was amended in September 2013. We agreed a revised implementation timetable with ministers in September 2013 and we are making excellent progress against that revised plan including the recruitment into new Coastguard roles which started in January 2014. We recognise that we need to manage the continuing transition of the Coastguard service sensitively and pragmatically, particularly in relation to our people.
TO2. Reviewing the Ship Survey and Inspection Regime: Whilst maintaining the UK's high safety standards and reputation as a high quality ship register, we will systematically review the arrangements for ship surveys and inspections to improve efficiency against customer demand and our statutory obligations, build on the need for excellent customer service, and underpin and enhance our reputation in the shipping industry. Commentary: We remain on target to meet this TO overall by March 2016. Highlighted achievements included clarifying and eliminating some potential future operating models around outsourcing and privatisation. We were over optimistic in our plans for reviewing our ship survey and inspection programme and were not able to make the progress we had hoped. This was because we needed much more analysis of our underlying data before we could make sensible decisions about options to improve efficiency and productivity. We also need to explore with industry improvements to the UK Ship Register operation to make it more commercially responsive without jeopardising our commitment to safety standards.
TO3. Improving the management, leadership and delivery capacity of the Coastguard Rescue Service: We plan to enhance the support, training, leadership and management that we give to our cadre of volunteer Coastguards who make up the Coastguard Rescue Service and who support their local communities and the wider UK search and rescue effort by carrying out search activities and specialist rope, water and mud rescues. Commentary: We are on target to meet this TO which is intrinsically linked to progress and success against TO1. The future CG programme includes a major expansion of our coastal presence to provide increased support to the volunteers that make up the Coastguard rescue service.
TO4. Delivering savings of 33% on our administration costs: In line with the rest of Government, we will continue to reduce the cost of our administration over the next three years, through a range of measures aimed at increasing efficiency and effectiveness in the MCA operating model; policy and regulatory development; procurement, estate, people and financial management; more effective working practices; and by stopping some low priority activities. In particular, we will continue to explore closer working across government departmental boundaries to maximise the use of our available talent. Commentary We achieved a 26% reduction in our administration costs in line with the target established as a result of the Comprehensive Spending Review in 2010.

Other measures in our Business Plan and not captured elsewhere in this report

Commentary

The Agency has some external obligations which have been set by DfT. Overall the MCA has met the targets set as follows:

Freedom of Information

We had to respond to freedom of information requests within 20 working days in at least 93% of cases. Out of 86 requests we met the deadline in 73 of them, this equates to a response rate of 84.9%. The target was not met.

Parliamentary Questions

We had to respond to all parliamentary questions within the agreed dates. This target has been met as we responded to all 158 questions within the timescale agreed.

Member of Parliament correspondence

We had to respond to all member of parliament correspondence within 7 working days. This measure was not met as we responded to 109 out of 111 (98%) requests within the deadline.

Official Correspondence

We had to respond to 80% of official correspondence within 20 working days. We met this target as we replied to all 57 (100%) cases within the timescale.

Other notable achievements in 2013-2014 included:-

- We secured agreement across the DfT for the implementation for a revised Modern Employment Contract (MEC).
- We have invested in new ICT equipment for our staff to support our approach to providing the right tools for the job.

Management Commentary

Effective management plays an important part in delivering our services to our customers. Our Governance Statement on page 34 describes how we do this and outlines the principal risks facing the Agency.

We also meet the ISO 9001:2008 Quality Management Systems standard. Internal quality audits, combined with external monitoring provide assurance against the standard and help support business improvement.

The results of the Agency are discussed in the Financial Review of the Year on page 24

Health and Safety

Management Arrangements

1. The MCA's Health & Safety policy has been updated together with revised arrangements for ensuring that Health & Safety continues to be actively managed across the Agency. The new arrangements include the formation of a Senior Executive Group (SEG) responsible for overseeing the MCA's safety management system and leading on safety improvements
2. A monthly Health & Safety report is tabled and discussed at both the SEG and Executive Board meetings. Health & Safety is an agenda item at all Directorate Management Board meetings.
3. In the last year, the MCA has improved the collation of management information and uses a balanced scorecard to measure and monitor health and safety management performance.
4. The MCA Health & Safety Committee arrangements reflect the changes in MCA management structures ensuring that all areas are represented. TU representatives take an active role in the Committee as do representatives from the Coastguard Rescue Service (volunteers).

Occupational Health & Safety Initiatives

5. A new Health & Safety strategy has been agreed by the CEO and will be further developed in FY 14/15. The main thrust is for senior management to show strong leadership in Health & Safety management in their areas of responsibility and improve assurance across the Agency.
6. The MCA has developed a new stress management strategy and policy including stress management workshops and earlier interventions for stress related illness. This has led to a reduction in working days lost and an improved awareness of managing pressure and stress.
7. Improved risk assessments and systems of work have been developed for marine surveyors using lessons identified from accidents and near misses. A review of the Agency's involvement in assisting casualty vessels led to safer working practices for Marine Casualty Officers.

Accidents

8. There were 5 RIDDOR injuries in FY 13/14, 2 more than the previous year but still very low compared to other comparable organisations. 59 injuries were reported in total compared to 62 in the previous year. 31 near misses were reported compared to 32 the previous year. Lessons identified from accidents and near misses are turned into recommendations for improvements and are considered by the SEG. To raise the awareness of staff and volunteers, redacted incidents summaries are published on the MNET and CRS website.

Training

9. Induction training for new staff includes site specific introduction for Health & Safety arrangements including general safety, fire safety, first aid and welfare arrangements. Mandatory training for all staff includes basic fire safety and display screen equipment (DSE) training and assessment. Where required staff will also undertake manual handling training. Line managers complete the new Civil Service Learning (CSL) packages 'Health & Safety Awareness for Managers' and all staff complete CSL's 'Health & Safety Awareness for all Staff'.
10. The safe systems of work for HMCG staff and volunteers and marine surveyors continue to be integrated into operational training.
11. With a change of contractor, refresher training on the management of Time Expired Explosives and ordnance has been rolled out for HMCG staff. The course highlights the dangers of old ordnance and marine pyrotechnics that the Coastguard are tasked to deal with and ensure they are handled and stored to minimise the risk to personnel and property.
12. A pilot stress management workshop was successfully run in Jan 14. The plan is to roll out further workshops aimed at middle management in the next financial year.

Service Improvement

In response to a National Audit Office (NAO) recommendation from 2009, we conduct a range of on-line customer satisfaction surveys, covering our activities on:

- Seafarer Training & Certification
- Survey & Inspection
- UK Ship Register
- Registry of Shipping and Seamen

Feedback shows we received 79% customer satisfaction with all of our services. We are exploring ways to improve participation rates. Encouragingly, we received very few complaints, and those that we do are examined for trends in our service delivery.

The overall percentage has gone down by 1% from the previous year due to a low response rate for the Survey and Inspection customer satisfaction survey.

Registry of Shipping and Seamen did not undertake a customer satisfaction survey for 2013-2014.

Sustainable Development

We are continuing to embed sustainable development across the Agency to live within environmental limits; ensure a strong, healthy and just society; achieve a sustainable economy; practise sustainable procurement; and promote good governance.

We are fully committed to achieving the targets set within the Greening Government Commitments (GGC) Agenda and activity during 2013-14 included:

- publication and internal display of actual energy consumption information covering major buildings, allowing for a targeted approach to improved energy efficiency
- annual energy survey of Property Managers aimed at identifying efficiency measures that can be implemented cost effectively
- ongoing liaison between Sustainable Development Manager and Programme Teams to ensure Sustainable Development is embedded across all active programme works and importantly within all planning processes

The full details of the GGC Agenda can be located at:

http://sd.defra.gov.uk/gov/green-government/commitments/

We recognise the importance of adapting to climate change as part of our planning processes we have voluntarily published a report detailing the impact it may have on our activities. The report can be found here:

http://archive.defra.gov.uk/environment/climate/documents/adapt-reports/11public-bodies/pbs-maritime-coastguard.pdf

The detailed report can be found on Annex A on page 75

Our People

Our people are our greatest asset and we are accredited as achieving Silver status within the Investors in People (IiP) standard, putting us in the top 2% of IiP accredited organisations. The 2013 annual Agency People Survey, showed an overall improvement in our engagement score of 1% against a background of significant change in the Agency. We continued to show improving scores in areas such as leadership and the management of change, and our Senior Leadership Team has put in place plans for further action. We have introduced the new Civil Service-wide performance and appraisal system that focuses attention on behaviours as well as the delivery of tasks.

We continue to celebrate the excellent work that our staff do through features in our in-house communication "Coast to Coast", with certificates to mark long service, with appropriate Special Performance Bonuses, and with Chief Executive's Awards to recognise outstanding contributions. We also use the formal Honours process to nominate appropriate staff and volunteers for national awards.

The Agency has three inclusion champions who uphold our commitment to promote good practice on diversity in employment and service delivery. We are committed to equality of opportunity in recruitment, development and promotion. We treat all staff fairly, with dignity and respect. We have established an Agency Inclusion Group to support our inclusion champions in their role.

We actively encourage disabled individuals to apply for opportunities and operate the 'Two Ticks' guaranteed interview scheme where candidates can demonstrate that they meet the minimum requirements for a role. Throughout an individual's employment we will make reasonable adjustments to enable them to work, develop and progress. We follow the Civil Service Code.

We train to develop our staff. Learning and development activity during 2013-14 included:

- designing a new Coastguard curriculum to meet identified future training requirements and business needs, phase one of delivery commenced March 2014
- establishing the Marine Surveyor Customised Award Scheme through the Scottish Qualifications Authority (SQA) accredited award scheme
- promoting the use of Civil Service Learning to support staff to identify and undertake a wide range of personal development and mandatory training solutions to meet individual and business needs
- enabling 62 Coastguard Watch Officers and Watch Assistants to receive a customised award through the Scottish Qualifications Authority (SQA) accredited award scheme

The Agency believes that it is to the mutual benefit of the MCA and our staff that employees are represented by Trade Unions. We recognise Prospect and the Public and Commercial Services Union (PCS) under collective bargaining procedures. Trade Union representatives are afforded appropriate facility time to carry out their duties, and consultation over changes to working practice or procedures is encouraged. The Agency has established good working relationships with both Unions and a new Joint National Consultative Committee has been set up.

MCA staff in post

	Total Permanent & Contract Staff
Staff in post at 1 April 2013	1020.55
Staff in post at 31 March 2014	999.67

These figures have been produced on a full time equivalent basis (rather than headcount) to reflect part time working arrangements, excluding temporary agency staff. Of the above staff in post at 31st March 2014, 313 were female and 687 were male (2012-13; 312 female and 709 male).

Throughout the reporting year, the gender split for Directors (including the Chief Executive) was as set out in the following tables:-

Executive Directors	Female	Male
1 November 2013 to 31 December 2013 and 3 March 2014 to 30 March 2014,	2	3
10 June 2013 to 1 September 2013,	1	4
At all other times in 2013-14	1	3
The year 2012-13	1	3

Non Executive Directors	Female	Male
The year 2013-14	1	2
1 April 2012 to 29 June 2012,	0	3
30 June 2012 to 31 December 2012,	0	2
1 January 2013 to 31 March 2013	1	2

Summary of starters and leavers	
	Total Permanent & Contract Staff
Starters	**94**
Resignation	64
Retirement (age)	25
End of Fixed Term Contract	3
Dismissal	1
Transfer to Other Government Department (OGD)	11
Retirement (ill health)	0
Voluntary Early Retirement (VER)/Voluntary Early Severance (VES)	15
Deceased	3
Total leavers	**122**

These figures reflect actual headcount, whereas note 2 of the Accounts is average headcount.

During 2013-14, 6,299.88 (2012-13: 6,583.69) working days were taken as sickness absence. This equates to 6.237 (2012-13: 6.25) days lost per employee (full time equivalent).

During the 2013-14 financial year, no employees left retiring early on ill health grounds (2012-13: one employee).

External Relations

As part of our commitment to safety at sea and the continuous improvement of the quality of our services, our customers' views are of utmost importance to us, and we carry out a number of customer satisfaction surveys, including on Survey and Inspection activity, and Seafarer Certification.

The Agency's key relationships include those with: our safety partners (RNLI, RYA and other rescue and governing body organisations); industry (including for example through the Fishing Industry Safety Group); other government departments (MOD, DECC, BIS, DEFRA); and our parent department, the Department for Transport, with whom we operate a number of virtual teams as part of the wider UK Maritime Administration.

Safer Lives – Preventing loss of life

During 2013 around 29% of the UK population took part in around 90 million leisure activities on the sea or at the coast[1]. Our prevention work aims to minimise incidents, although effective resources are in place for our emergency response role should something go wrong.

Prevention

Accident prevention work encompasses everything the Agency does in its role as a regulator, from the development of technical policy and standards, through to the enforcement of those requirements. That work includes negotiations internationally, primarily through the International Maritime Organization (IMO) and the European Union, but also at the International Labour Organization (ILO).

Merchant ships on the UK Ship Register undergo in-depth ship surveys which cover ship construction, equipment and onboard operations. Safety requirements are also enforced through the MCA's inspection regime which includes foreign ships visiting UK ports through the Paris MOU Port State Control arrangements. Other inspections include checks on the safety of fishing vessels, and the domestic fleet of small passenger ships.

The MCA checks that seafarers have the right skills, are medically fit, and hold valid certificates to serve on UK-registered ships. We are working at the IMO to review ship safe manning requirements, and we are implementing the provisions of the consolidated Maritime Labour Convention which we expect to transpose into UK law in August 2014.

Our Recreational Safety Strategy can be found on our website and sets out five safety messages to:

- get trained
- check the weather and tides
- wear a lifejacket
- avoid alcohol
- keep in touch

Six years of evidence has been gathered where alcohol has been a causal factor in a fatality. The majority of deaths were attributed to young men who had been out drinking and had ended up in the water intentionally or unintentionally. There were very few fatalities when a recreational activity was actually taking place. As a result of this DfT agreed that the legislation for alcohol limits for boaters would be put on hold whilst an education campaign was undertaken. Since then we have had meetings with a wide range of stakeholders including the RNLI, RYA, Police and Harbourmasters to discuss what preventative actions we should be taking.

To further our ongoing lifejacket campaign in June 2013, to support the RLSS 'Drowning Prevention Week' we undertook the second 'Wear Your Lifejacket to Work Day' that encouraged the wearing of lifejackets in the leisure sector.

We are continuing to work with other stakeholders as part of the National Water Safety Forum (NWSF) to develop a National Drowning Prevention Strategy. We play a significant role in the development of the Water Incident Database (WAID) which brings together information from stakeholders to form a national single record, about fatal incidents and non-fatal incidents in, on or by the water. Further information and reports can be found here: www.nationalwatersafety.org.uk.

Our coastguard rescue teams and helicopters have again featured in the following:

- ITV Daybreak, Summer Safety: week long series that involved the Coastguard helicopter at Lee-on-Solent and Newhaven Coastguard Rescue Team

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1 Arkenford Watersports Participation Survey, 2013

- CNN International: piece on Dover Coastguard and the work of the Channel Navigation Information Service
- S4C 'Emergency 999': Rhosilli Coastguard Rescue Team involved in a Welsh series showing youngsters how to conduct cliff rescues
- BBC's 'The One Show': Porthleven Coastguard Rescue Team featured in a special programme about the 2013/14 winter floods
- BBC Real Rescue: Coastguard helicopter at Lee-on-Solent featured in the latest series

These programmes support our safety messages: we want more people to enjoy the sea and coast and to have fun, but to do so safely.

We have continued our theme to tackle seafarer fatigue through:

- seeking international recognition about the problem of fatigue
- enforcing the Hours of Work Regulations
- promoting a cultural shift across the industry, including publishing a Marine Guidance Notice to highlight the issue of fatigue and ways to mitigate it
- continuing to work with our Project HORIZON partners to further develop and assess the fatigue management toolkit, promulgate the information widely, and seek engagement from industry

Our broader work for seafarers has included finalising our proposals for the implementation of the Maritime Labour Convention (MLC) 2006. The UK ratified the Convention in August 2013, and a significant proportion of the fleet has been issued with Maritime Labour Certificates, following survey against the statutory standards.

We have also initiated an industry working group to advise the MCA on implementation of the International Labour Organization's Work in Fishing Convention, 2007 (ILO 188).

We maintained our network of MCA approved doctors who conducted over 54,000 medical examinations to check seafarers were fit to work at sea. We have continued the series of meetings with the administrations of Norway, Germany, the Netherlands to develop cooperation on provision of seafarer medical examinations particularly through our respective overseas networks of doctors.

We began development of the Human Element series of Marine Guidance Notices and continued to disseminate best practice & advice including seeking feedback from industry through the successful Human Element Advisory Group programme. We remain committed to developing maritime safety through effective human element and non-regulatory practice and are involved in various capacities in a range of key international human element research and development projects.

Commercial Fishing is judged to be the UK's most dangerous occupation[2]. As part of our ministerially approved strategy to eliminate preventable death in the UK commercial fishing industry we work with the Fishing Industry Safety Group (FISG), which includes Industry, Seafish, RNLI and the Fishermen's Mission on projects to achieve this aim. In particular FISG has been working with manufacturers to develop personal flotation devices (PFDs) suitable for use in commercial fishing, and encouraging their use. FISG continues its work in developing new voluntary Codes of Practice for fishing vessels, better promotion of safety messages and continues to work towards obtaining European Fisheries Funding for free voluntary safety training.

[2] Marine Accident Investigation Branch, Fishing Vessel Safety Study, 2008.

Response

We provide a 24-hour a day, 365 days a year emergency response coordination service for the UK coast and surrounding waters out to the mid-Atlantic. Our Maritime Rescue Coordination Centres (MRCCs) responded to around 20,000 incidents, dealing with distress or 999 calls and coordinating rescues where necessary, tasking lifeboats, helicopters, other ships in the vicinity or volunteer coastguard rescue teams.

Our Coastguard Rescue Service comprises of around 3500 volunteers in over 350 teams around the UK coast. They give their time to respond to emergencies and spread safety messages in their local communities. They are trained in the specialist skills of search, mud and cliff rescue and this year were called out over 13,000 times.

This winter our teams again supported other emergency services during the severe weather events in coastal areas.

We have continued to provide a dedicated search and rescue helicopter service under two operating contracts from our bases in Stornoway, Sumburgh, Portland and Lee-on-Solent, with the military providing helicopter search and rescue from a further eight bases. This year our helicopters carried out 683 missions.

We have also worked closely with the DfT and have let a UK-wide contract which will run services from ten search and rescue bases starting in 2015, taking full responsibility for the operational SAR service once the final military base has withdrawn from search and rescue and retired the Sea King helicopter. The MCA will manage the new UK SAR helicopter service.

We are continuing to implement the modernisation of Her Majesty's Coastguard through our Future Coastguard Programme (FCG), which will deliver a resilient and nationally-networked system of coastguard coordination centres with a Maritime Operations Centre (MOC) at its heart, based near Fareham in Hampshire. Under these new arrangements, coastguards coordinating incidents will have an enhanced role with more responsibility. Additional resources will also be put in place to enhance the leadership and support of the Coastguard Rescue Service.

Safer Ships – Improving maritime safety

Shipping is vital to the UK, as an island nation; in terms of volume, the UK relies on shipping for about 95% of its imports and exports [3]. A safe environment for ships and professional seafarers supports growth by facilitating healthy trade and a vibrant shipping sector, and we work closely with the maritime industry to enhance standards of safety in all aspects of maritime activity.

Setting Standards

By setting standards and producing guidance for the shipping industry, we influence ships operating in UK waters and seafarers on UK ships to follow best and safe practices.

We undertake negotiations and influence the setting of international maritime policies, regulations and technical standards in partnership with colleagues across government, principally at the IMO, the European Commission (EC) and at the European Maritime Safety Agency (EMSA).

This year we have worked closely with our stakeholders in industry to draft updated safety codes and guidance for:

- Large Yacht Code 3
- Rescue Boat Code
- Small Fishing Vessel Code
- Alternative Certification route for Workboats and Tugs

The following Regulations have been introduced:-

- SI 2013/1473 Merchant Shipping (Health and Safety at Work) (Asbestos) (Amendment) Regulations 2013
- SI 2013/1785 Merchant Shipping (Maritime Labour Convention) (Survey and Certification) Regulations 2013
- SI 2013/2944 The Marine Pollution and Merchant Shipping (Revocation) Regulations 2013
- SI 2014/ 499 The Prevention of Oil Pollution (Convention Countries) (Revocation) Order 2014
- SI 2014/308 Merchant Shipping (Hours of Work) (Amendment) Regulations 2014

Work has continued to deliver on the Government's Red Tape Challenge initiative for the maritime community, with six measures revoked and a further 36 planned by April 2015. These will reduce regulatory burdens and costs in areas such as Boatmasters Licences and Training & Certification. The development of primary legislation so that in future we can implement international safety requirements in a more straightforward way by means of ambulatory referencing is fully underway and forms part of the draft Deregulation Bill. We recognise the impact that good regulation and effective alternatives will have in supporting a thriving and economically successful maritime sector.

Monitoring and Enforcing Standards

By vigorously monitoring compliance with policies, regulations and technical standards, we are able to provide an assurance of safety, taking appropriate and proportionate enforcement action when required.

We undertook 3,633 in-depth surveys of UK registered ships, and 3,730 inspections during 2013-14. We also carried out 1,384 Port State Control (PSC) inspections of foreign ships in the 2013 calendar year to check that they were meeting regulations concerning safety standards and living conditions.

We authorise seven Recognised Organisations (ROs) who are members of the International Association of Classification Societies Ltd (IACS) to carry out a proportion of our statutory equipment construction survey work on UK ships. For smaller vessels that operate under the UK Codes of

[3] Focus on Ports 2006 (DfT)

Practice we have authorised 14 Certifying Authorities (CAs) to survey and issue certificates on our behalf. We undertake a risk-based approach to monitoring of ROs, CAs and the Helideck Certification Agency (HCA) which results in regular meetings and audits of their offices and surveyors.

During inspections this year we found deficiencies on 938 ships and detained 42 of them. Where inspections, surveys or general maritime intelligence reveal significant breaches of maritime legislation we may undertake stronger enforcement action. Last year we investigated 121 new cases, and conducted 19 prosecutions. Further details are available at: www.mcga.gov.uk/c4mca/mcgaprosecutions.

Ship Registers

Flag State Control offers an effective method of implementing safety standards for ships and seafarers. The UK Ship Register provides owners with an efficient ship registration service with dedicated Customer Account Managers.

During 2013-14 there were 69 new ship registrations (1.64m Gross Tonnage (GT)) and at the end of March the UK Ship Register stood at 15.40m GT and 1,373 vessels.

The UK remains on the Paris Memorandum of Understanding (MOU) White List of Quality Flag States, in line with our objectives on the quality of the UK Ship Register. We also feature on the Tokyo MOU White List and retained the Qualship 21 award (the United States Coast Guard's programme to recognise and reward vessels with exemplary safety management).

The Red Ensign Group (REG) is made up of the UK, nine Overseas Territories (OTs) and three Crown Dependencies (CDs), all of which operate their own British ship register. Together with the UK Ship Register, the Red Ensign Group has a combined size of 50.1 million GT. We will continue to work collaboratively with colleagues within the OTs and CDs to ensure all ships flying the Red Ensign are being maintained and operated to the highest maritime safety standards, and this is overseen through a programme of regular monitoring visits to check that maritime standards are maintained in line with UK and local legislation. In 2013-14 we undertook monitoring visits of Gibraltar, Jersey, Anguilla, Turks & Caicos Islands, and Bermuda.

The 2013 REG Conference was hosted by the British Virgin Islands and discussed issues of maritime policy and strategy, including;

- passenger ship safety
- implementation of the Maritime Labour Convention
- the risk of piracy

We also host the REG Technical Forum which meets at least annually to discuss the application of technical policy and to improve consistency across all the REG Registers.

Seafarers

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

42,500 seafarers hold UK Certificates of Competency (CoCs) or Certificates of Equivalent Competency (CECs). In 2013-14 we issued over 5,600 Notices of Eligibility (NOEs) and 12,500 new CoCs and CECs. We also issue around 222 Boat Master's Licences annually for commercial operations on inland waterways.

We also managed the Support for Maritime Training (SMarT) Scheme. In 2013-14 SMarT provided funding for a total of 1,939 officer trainees, including 778 new officer trainees who started their training and 625 officer trainees who completed their training.

Navigation

We also provide services to enhance safe navigation.

The MCA operates the Dover and Sunk Vessel Traffic Services (VTS), and The Nab and Bristol Channel services are operated on our behalf. We recognise the other 26 VTS in the UK, and monitor standards in the training establishments delivering VTS training.

We provide safety advice to the Marine Management Organisation on marine planning and marine protected areas, and to the Planning Inspectorate especially with regard to coastal developments and Offshore Renewable Energy Installations. The MCA has met all its obligations in this area of increasing activity, especially in relation to Round 2 extensions and Round 3 farms and wave and tidal arrays.

To meet our international obligations under Chapter 4 and Chapter V of the Safety of Life at Sea (SOLAS) Convention 1974 (as amended), we will:

1. Administer our Civil Hydrography Programme (CHP) and ensure that UK home waters are adequately surveyed for the safe update of navigational charts and products. To augment this effort, the MCA have led and delivered the EU-funded 'INIS Hydro' seabed mapping project by co-ordinating survey effort between the UK and Ireland.
2. Develop and maintain standards for the carriage and use of navigational and radio equipment on board ships, implement and monitor routeing and reporting measures to assist safe navigation and improve the provision of information to the mariner by means of Maritime Safety Information and e-navigation.
3. Co-ordinate technical developments for SafeSeaNet and Long Range Identification and Tracking (LRIT) through our Consolidated European Reporting System (CERS).

We have also conducted a number of Port Marine Safety Code Health Checks, liaising with other government departments and industry to improve the application of the Code and Guide to Good Practice requirements and recommendations

Cleaner Seas – Protecting the environment

The UK's c.17,000 kilometres of coastline and 300,000 square kilometres of sea area within its Pollution Control Zone is one of the largest in Europe and our economy benefits greatly from both trade and the UK Oil and Gas Industry. It is important that we protect our coast and our wide ranging biodiversity from the risk of marine pollution. Our first priority is pollution prevention through the effective implementation of International Conventions and national regulation demanding the highest standards of maritime operation, ship construction, navigation and inspection.

In co-operation with other Government and Non Government Organisations, Local Authorities and the commercial oil spill response industry, we provide a national collaborative reaction capability that is designed to achieve an effective degree of counter pollution Preparedness and Response, able to combat the full range of pollution risks.

The National Contingency Plan for Marine Pollution from Shipping and Offshore Installations is at the forefront of our response strategy, together with the Secretary of State's Representative (SOSREP) and an expert team of counter pollution specialists delivering capability management, national stockpile resources and quality control. The National Contingency Plan is currently being refreshed. International counter pollution co-operation is also in place with a wide variety of partner nations through the Bonn Agreement and the European Maritime Safety Agency.

The presence of an Emergency Towing Vessel to cover the Northern and Western Isles of Scotland continues until March 2015.

The UK is also pursuing a significant upgrade to its aerial dispersant spraying capability, bringing the new Boeing 737-400 aircraft into service by the end of 2014.

The Receiver of Wreck administers much of Part IX of the Merchant Shipping Act 1995 as it relates to matters of wreck and salvage. During 2013, 307 reports of recovered wreck material were received. These reports relate to more than 35,000 individual items recovered from wrecks. Wreck material reported during 2013 ranges from silver ingots to ships' bells, hundreds of porcelain dolls, objects from a warship of the 1600s and a Second World War Dornier bomber.

The total number of reports received by the Receiver of Wreck and the total number of objects reported both show an increase on 2012.

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 under Part II, lines L and W of the Department for Transport (DfT) 2013-14 Main Estimate. During the 2013-14 financial year the Agency's net operating cost was £154,160,000 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 non-current assets supporting operational requirements, both maintaining and improving the asset base. Additions to non-current assets amounted to £24,050,000 during the financial year. The Agency purchased Spring Place, its Headquarters building in Southampton in February 2014 for £14,400,000. The purchase was approved by the Government Property Unit and HM Treasury with funding provided by the Department for Transport. This acquisition provided Administration and Programme savings in the current financial year and will continue to provide savings for future years.

A significant part of the remaining investment expenditure related to the Future Coastguard Programme (FCG) – the largest being the continued development of the new Integrated Coastguard Communication System (ICCS) £3.5m and associated expenditure. Other investment expenditure comprised; renewal of communications equipment, other IT projects, expenditure on the Agency's estate and additions to the MCA vehicle fleet.

There have been no significant events after the reporting period.

Other salient points arising from our activities this year and from decisions taken as a result of the 2010 Comprehensive Spending Review:

- The Net Operating Cost of the MCA has increased by £16.9m compared with 2012-13.

- The cost of staff employed by the MCA has reduced by £0.4m (Note 2). The cost of the new Modernisations of Employment Contracts (MEC) has been offset by the 4% net reduction to headcount and a reduction in early departure cost payments.

- The increase in Establishment costs of £3.6m (in Note 3) is driven by the IT projects for the Future Coastguard Programme and replacement workstation hardware/software plus charges associated with the DfT Shared Services migration project. These costs have been offset by reduced Premises costs with the release of the leasehold dilapidation provision following the purchase of Spring Place and a net revaluation gain giving a net increase of £1.3m in total for Note 3.

- The increase in programme costs of £17.3m (Note 4) is mainly as a result of the two new Search and Rescue (SAR) helicopter contracts implemented from June 2013. The disbursement cost reduction reflects a budget transfer for the public weather service bulletins to the Department for Business Innovation and Skills (BIS). Other movements within programme costs are due to renewed or ended contracts and variances in usage and demand.

- The increased income of £1.3m (Note 5) is in respect of Statutory Services for the implementation of the Maritime Labour Convention (MLC), an increase within Other Income for the recharge of Shared Services costs, offset by a reduction in European research project income.

- The Statement of Financial Position has increased compared with the previous year by £15.8m. This is mainly due to the purchase of the MCA headquarters building and the five yearly formal valuation of the MCA estate which led to the upward revaluation of properties.

- The Agency has a low level of bad debt, generally we require a deposit or full payment prior to any commencement of service provision. Full details of the bad debt provision can be found in Note 34.

Past and present employees, including those on fixed term appointments, are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) or a choice of Partnership Pension schemes. Details of pension accounting treatment are outlined in Note 1.10 of the Annual Accounts.

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 the audit services for the financial year ending 31 March 2014 was £75,000. No other fee was paid in respect of non statutory work.

We place contracts in line with government policy, EU Procurement Regulations and UK Public Contracts Regulations. We aim to pay all bills by contractual deadlines, or within 30 days of receiving a valid invoice. We met this target in 99.89% of cases. In line with a government wide initiative to pay bills within five days, our performance was 90.02%.

The Agency is not a Trading Fund and is therefore dependent on funding being available from HM Treasury. The Agency does not use financial key performance indicators.

Alan Massey
Chief Executive
13 June 2014

Directors' Report

Agency Management

The Executive Board is the highest decision-making body in the MCA. We set out its role and relationship with other management groups in the Governance Statement (see page 34). Members of the Executive Board were:-

Sir Alan Massey, who was **Chief Executive** and the Agency's Accounting Officer from 1 April 2013 to 9 June 2013 and then again from 2 September 2013 to 31 March 2014.

Philip Naylor, who was **Executive Director of Maritime Safety and Standards** and was responsible for the safety and quality of seafarers and ships under the Red Ensign, the UK Ship Register, and our survey and inspection regime. He was also responsible for leading change in the Ship Survey and Inspection service including the UK Ship Register.

Richard Parkes, who was **Executive Director of Maritime Operations** and was responsible for all emergency response operations, along with ICT, Asset Management, Human Resources and Learning and Development. He was also responsible for delivering the Future Coastguard Programme and the new arrangements for Search and Rescue Helicopter provision. Richard was also acting Chief Executive from 10 June 2013 to 1 September 2013.

Sue Ketteridge, who was **Executive Director of Strategy and Finance** from 1 January 2014 to 2 March 2014 and was responsible for strategic planning, performance monitoring, corporate governance and financial controls, the health and safety of our staff and volunteers. She was also the Senior Information Risk Owner (SIRO) and led the preparations for the introduction of a Shared Services platform. From 1 November to 31 December 2013, and 3 March to 30 March Sue was working on special projects but was still a Director.

Jane Jackson who was **Acting Strategy and Finance Director** from 1 April 2013 to 31 December 2013, and again from 3 March 2014 to 31 March 2014. Jane assumed all of Sue Ketteridge's responsibilities.

Chris Thomas, who was **Acting Director of Maritime Operations** from 10 June 2013 to 1 September 2013.

Alex Jablonowski, David Snelson and Alison White served as Non-Executive Directors.

Details of pension liability treatment and auditors remuneration can be found in the Financial Review for the year on page 24

Details of the Agency's monitoring of Directors conflicts of interest and any reporting of personal related incidents are covered in the Governance Statement starting on page 34

Sickness absence data can be found on page 15 of the Strategic Report

Alan Massey
Chief Executive
13 June 2014

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 are Senior Civil Servants may be on fixed term contracts, including the MCA Chief Executive. The contracts may provide for the individual to receive standard SCS remunerations arrangements or individual pay arrangements linked to delivery against predetermined objectives.

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

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

Service Contracts

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

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

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

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management (i.e. Board members) of the department.

Remuneration (salary, benefits in kind and pensions) (Audited)

Single total figure of remuneration								
Officials	**Salary (£'000)**		**Bonus payments (£'000)**		**Pension benefits (£'000)[4]**		**Total (£'000)**	
	2013-14	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**
Sir Alan Massey *Chief Executive*	115-120	115-120	10-15	10-15	45-50	40-45	170-175	165-170
Richard Parkes[5] *Director*	85-90	80-85	10-15	-	15-20	15-20	110-115	95-100
Philip Naylor *Director*	105-110	105-110	-	-	40-45	40-45	150-155	145-150
Sue Ketteridge *Director* [6] (until 19 August 2012 and from 1 November 2013 to 30 March 2014)	40-45 (75-80 full year equivalent)	30-35 (75-80 full year equivalent)	10-15	5-10	(5-10)	0-5	45-50 (80-85 full year equivalent)	40-45 (85-90 full year equivalent)
Jane Jackson *Acting Director* [7] (from 20 August 2012 until 31 December 2013 and from 3 March to 31 March 2014)	60-65 (70-75 full year equivalent)	40-45 (70-75 full year equivalent)	-	-	30-35	60-65	90-95 (100-105 full year equivalent)	105-110 (130-135 full year equivalent)
Chris Thomas *Acting Director* [8] (from 10 June to 1 September 2013)	15-20 (70-75 full year equivalent)	-	-	-	5-10	-	20-25 (80-85 full year equivalent)	-
Bob Banham *Non-Executive Director* (until 31 December 2012)	N/A	15-20 (20-25 full year equivalent)	N/A	-	N/A	N/A	N/A	15-20 (20-25 full year equivalent)
David Snelson *Non-Executive Director*	10-15	10-15	-	-	N/A	N/A	10-15	10-15
Keith Greenfield *Non-Executive Director* (until 29 June 2012)	N/A	5-10 (10-15 full year equivalent)	N/A	-	N/A	N/A	N/A	5-10 (10-15 full year equivalent)

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

5 Richard Parkes was Acting Chief Executive from 10 June to 1 September 2013.

6 Sue Ketteridge was Director until 19 August 2012 and then went on career break. Sue returned on 1 November 2013 until 30 March 2014, at which point Sue joined DfT(c).

7 Jane Jackson was Acting Director from 20 August 2012 to 31 December 2013 and from 3 March 2014. Although she was an MCA employee throughout the year, only her time as Acting Director is subject to disclosure.

8 Chris Thomas was Acting Director from 10 June to 1 September 2013. Although he was an MCA employee throughout the year, only his time as Acting Director is subject to disclosure.

Single total figure of remuneration								
Officials	Salary (£'000)		Bonus payments (£'000)		Pension benefits (£'000)[9]		Total (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Alex Jablonowski *Non-Executive Director*	15-20	0-5 (5-10 full year equivalent)	-	-	N/A	N/A	15-20	0-5 (5-10 full year equivalent)
Alison White *Non-Executive Director*	10-15	0-5 (5-10 full year equivalent)	-	-	N/A	N/A	10-15	0-5 (5-10 full year equivalent)

There were no benefits in kind paid to any of the directors in 2012-13 or 2013-14.

Salary

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year prior to that in which they become payable to the individual. 2013-14 bonuses relate to 2012-13 performance and 2012-13 bonuses relate to 2011-12 performance.

Pay multiples

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

The banded remuneration of the highest-paid director in the organisation in the financial year 2013-14 was £125,000 - £130,000 (2012-13: £125,000 - £130,000). This was 5.02[10] times (2012-13: 5.15) the median remuneration of the workforce, which was £25,484 (2012-13: £24,762).

In 2013-14, nil (2012-13: nil) employee's received remuneration in excess of the highest-paid director. Remuneration ranged from £33 to £128,000 (2012-13: £144 to £125,000).

Total remuneration used in the pay multiple calculations above includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pension Benefits

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

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

10 The ratio has fallen due to the median remuneration increasing, primarily as a result of the implementation of the new Modernisations of Employment Contracts (MEC) with a workforce wide pay increase at the end of 2013-14.

Officials	Accrued pension at pension age as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/14	CETV at 31/3/13[11]	Real increase in CETV	Employer contribution to partnership pension account
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**Nearest £100**
Sir Alan Massey *Chief Executive*	5-10	2.5-5	156	107	34	Not Applicable
Richard Parkes *Director*	20-25	0-2.5	385	345	14	Not Applicable
Philip Naylor *Director*	10-15	2.5-5	206	156	26	Not Applicable
Sue Ketteridge *Director*	30-35 plus lump sum of 90-95	(0-2.5) plus lump sum of (0-2.5)	528	503	(6)	Not Applicable
Jane Jackson *Acting Director*	25-30 plus lump sum of 35-40	0-2.5 plus lump sum of 0-2.5	395	352	26	Not Applicable
Chris Thomas *Acting Director*	5-10 plus lump sum of 25-30	0-2.5 plus lump sum of 0-2.5	176	168	7	Not Applicable

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

For 2013-14, employers' contributions of £5,812,677 were payable to the PCSPS (2012-13: £5,951,124) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. For 2014-15, 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 2013-14 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 £44,229 (2012-13: £36,494) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2,787 (2012-13: £2,285), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £9,551. Contributions prepaid at that date were £Nil.

[11] The actuarial factors used to calculate some CETVs were changed in 2012/13. The CETVs at 31/3/13 and 31/3/14 have both been calculated using the new factors, for consistency. The CETV at 31/3/13 therefore differs from the corresponding figure in last years report, in some cases, which was calculated using previous factors.

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for **classic** and 3.5% and 8.25% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2014. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

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

Cash Equivalent Transfer Values

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

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

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

Former Director, Neil Goodall left under agreed terms on 14 September 2008. He received ongoing compensation payments of £15-20k during 2013-14 (2012-13: £10-15k). The compensation terms were negotiated by previous management.

Alan Massey
Chief Executive
13 June 2014

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 resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

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

The former Accounting Officer of the Department for Transport, Robert Devereux, designated the Chief Executive of the Maritime and Coastguard Agency, Sir Alan Massey, as Accounting Officer from 20 July 2010. The current Accounting Officer of the Department for Transport, Philip Rutnam, designated Richard Parkes as Interim Accounting Officer for the period 10 June 2013 until 1 September 2013 in light of the absence of Sir Alan Massey due to illness. 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 Managing Public Money published by the HM Treasury.

Governance Statement

Introduction

The Agency was established on 1 April 1998 and is an Executive Agency of the Department for Transport (DfT). We work closely with colleagues in the Maritime Directorate and the International Security and Environment (ISE) Group of the DfT, who assist the Accounting Officer in discharging their accountability for the Agency. The Accounting Officer is responsible to the Secretary of State as detailed in the Agency's Framework Document.

The Agency encourages economic growth and facilitates the safety of shipping and seafarers, saves lives and helps protect the maritime environment. The Agency provides a 24 hour maritime search and rescue service; enforces the safety of shipping and the welfare of seafarers through our survey and inspection regime; processes the registration and certification of ships and seafarers; and manages pollution prevention and response. We have responsibility for the implementation (within the UK) of international maritime conventions and relevant EU Directives. All of our work contributes to our vision of being the world's best maritime safety organisation, committed to Safer Lives, Safer Ships, Cleaner Seas. The Accounting Officer is supported by three principal management groups: the Executive Board (EB), Senior Executive Group (SEG) and Senior Leadership Team (SLT).

This Governance Statement details the arrangements in place for the financial year 1 April 2013 to 31 March 2014. Specifically, the Governance Statement focuses on internal controls, risk management and similar topics. Progress with the Agency's major change programmes and other commitments in its Business Plan are captured elsewhere in the Annual Report and Accounts.

Agency Management

The Agency is answerable to the Secretary of State for Transport through its Advisory Board which meets quarterly. The Advisory Board reviews the Chief Executive's and the Agency's performance against its plans and resources. The Advisory Board also considers risk which is also discussed at the International Security and Environment (ISE) Group Board. Members in 2013-14 were:

- Lucy Chadwick (Director General, International Strategy and Environment (ISE) Group, DfT, Chair)
- Ian Woodman (Director of Maritime, DfT)
  Valerie Richardson (Head of Maritime Administration Secretariat, DfT)
  Alan Massey (Chief Executive, MCA - from 1 April 2013 to 9 June 2013 and from 2 September 2013 to 31 March 2014)
- Richard Parkes (Acting Chief Executive MCA - from 10 June 2013 to 1 September 2013)
- Sue Ketteridge (Director, MCA – 1 November 2013 to 31 December 2013 and from 3 March 2014 to 30 March 2014); and as Director of Strategy and Finance, MCA – from 1 January 2014 to 2 March 2014)
- Jane Jackson (Acting Director Strategy & Finance, MCA – from 1 April 2013 to 31 December 2013 and from 3 March 2014 to 31 March 2014)
- Alex Jablonowski (External Member)
- Alison White (External Member)

Executive Board

The Executive Board (EB) is the most senior decision-making corporate management group in the Agency and meets monthly (except during August). It is responsible for establishing and overseeing the implementation of the Agency's strategic direction as detailed in its Terms of Reference. The EB takes decisions in relation to the range, appetite and tolerance of corporate risks. Members of the EB are Directors and Non-Executive Directors. A representative of the Agency's sponsoring Directorate in the DfT attends as an advisor.

Attendance at EB meetings in 2013-14 was as follows:

Alan Massey (Chief Executive Officer, Chair)	9 of 9
Sue Ketteridge (Director 1 November 2013 to 31 December 2013 and 3 March 2014 to 30 March 2014)	3 of 3

Sue Ketteridge (Director of Strategy and Finance 1 Jan 2014 to 2 March 2014)	2 of 2
Philip Naylor (Director of Maritime Safety and Standards)	10 of 11
Richard Parkes (Acting Chief Executive MCA - from 10 June 2013 to 1 September 2013	2 of 2
Richard Parkes (Director of Maritime Operations)	8 of 9
Chris Thomas (Acting Director of Maritime Operations – from 10 June 2013 to 1 September 2013)	2 of 2
Jane Jackson (Acting Director of Strategy and Finance - from 1 April 2013 to 31 December 2013 and 3 March 2014 to 31 March 2014)	7 of 8
David Snelson (Non-Executive Director)	11 of 11
Alex Jablonowski (Non-Executive Director)	11 of 11
Alison White (Non-Executive Director)	11 of 11

A file of declared interests for Executive and Non-Executive Directors is maintained. Declarations of conflicts of interest is a standard agenda item at each EB meeting.

Activities of the Executive Board
The EB focuses on future strategy and direction, performance oversight, risk and accountability. Meetings have reviewed progress, risks and opportunities associated with major change programmes, including the modernisation of Her Majesty's Coastguard, the efficiency of the Ship Survey and Inspection Service, and the migration to a Shared Services environment. The EB regularly reviews health and safety strategic risks, and staff engagement.

The EB holds regular strategy discussions, outside of its standard business agenda, to consider a wide range of matters of strategic importance. Specifically, the EB rationalised its agenda to make it more strategic, only taking regular reports by exception and delegating more autonomy to the SEG and the SLT. In March 2014 the EB established a new People Committee and will report on its work in next year's Annual Report and Accounts.

In the Comprehensive Spending Review (CSR), the Agency was tasked to make administrative cost reductions for support and policy functions of 33% against its 2010-11 baselines. In 2013-14 a further 8% saving was made in addition to the 18% savings in 2012-13, meeting the Agency 26% target. The full 33% savings target will be achieved by the end of 2014-15.

Senior Executive Group and Senior Leadership Team
SEG reports to the EB and is supported by the SLT. It is led by the Deputy Director Maritime Operations and five Assistant Directors with responsibility for Ship Standards, Asset Management, Human Resources and Finance and the Chief Coastguard. It monitors Agency performance, takes operational and tactical decisions that fall within its remit and submits advice and recommendations to the EB as appropriate.

The SLT has 15 senior managers from across the Agency who meet as required and develop people engagement activities.

Risk Management and Governance
The Accounting Officer is responsible for the effective management of corporate risk in accordance with Treasury Guidance (the Orange Book) and the DfT Departmental Risk Policy and Guidance. The EB approves the Agency's approach to risk management, setting a risk appetite and the principal risks in the Corporate Risk Register. Escalation processes are in place so that threats and opportunities can be moved from Directorate to corporate levels and back again as necessary. Examples of risk escalation include the transition from the existing to the future Coastguard structures, and the planned migration to a Shared Services platform. In December 2013 the EB decided to dissolve the Risk Advisory Group and to handle risks differently by giving greater responsibility for risk management to the SEG. The Agency's Audit Committee (renamed the Audit and Risk Assurance Committee) also took a close interest in risk matters and advised the Accounting Officer as appropriate.

Principal Risks in 2013-14

Through 2013-14, a total of 21 risks, issues and tolerated risks were actively managed on the corporate risk register. Key risks relating to the Agency's major change programmes, the Future Coastguard Programme, the Ship Survey and Inspection Review and the planned migration to a Shared Services Platform were closely monitored.

Under the Future Coastguard Programme risks to the initial implementation timetable arose while we had detailed discussions with central Government about terms and conditions for the new roles and responsibilities. Once agreed in the summer of 2013, it became clear that the implementation timetable set out in November 2011 could no longer be achieved without unacceptable safety risks for our search and rescue operations. Ministers recognised those risks and agreed to a mitigation plan that introduced a new and more manageable implementation timetable agreed in September 2013. At the same time, we managed the risks to the operational integrity of our current search and rescue arrangements posed by vacancies in some locations through the use of existing operational pairing, and the proactive and pragmatic management of workloads across some Centres.

There has been an historical backlog of maritime regulations that gets longer when new international requirements need to be put into UK law. An outcome from the Government's Red Tape Challenge initiative was to introduce primary legislation with ambulatory referencing that would in future allow for the speedier adoption of measures into UK law without the need for additional secondary legislation. Relevant clauses have been included in draft legislation, reducing the risk that we fail to rationalise our regulatory approach, although that risk may increase again as Parliament delays its implementation.

Internal Control and Assurance

Following amendment of HM Treasury's Corporate Governance Code for Central Government Departments (July 2011) the Agency conducted a review to confirm compliance, since this no subsequent reviews have taken place within this reporting period.

Audit and Risk Assurance Committee

The Accounting Officer seeks independent advice and assurance on the processes for risk management, governance, assurance and internal control; including reliability and integrity, through the Agency's Audit and Risk Assurance Committee (ARAC). The ARAC is made up of the MCA's three Non-Executive Directors, one of whom has been appointed as Chair, and meets quarterly.

During the year, the committee reviewed its membership, organisation and Terms of Reference, to strengthen its perceived independence and work processes, and has had deep dive sessions on the following:

- Shared Services
- Future Coastguard Programme
- Internal Audit Plan
- IT Risk
- Shared Services Risk

In December 2013 an ARAC Self-Assessment review was conducted to establish compliance with the April 2013 ARAC Handbook. A brief update on Fraud, Whistleblowing and the Hospitality Register is given at each committee meeting with a full review provided every six months.

The Accounting Officer and Director of Strategy and Finance attend the ARAC meetings and other attendees include the National Audit Office (NAO) Director with responsibility for the Agency, KPMG NAO Audit Director, the DfT Group and MCA Head of Internal Audit. Other Executive Directors and Senior Managers attend for specific agenda items. Attendance by ARAC members in 2013-14 was as follows:

Alex Jablonowski (Chair of the ARAC)	4 of 4
David Snelson	4 of 4
Alison White	4 of 4

Internal and External Audit
Our Quality Management System is externally certified to the international ISO 9001:2008 Standard. The requirements of the Standard are applied to all business processes and activities.

The Agency's annual Internal Quality Audit (IQA) programme, which also includes areas for Business Improvement Reviews (BIRs), supports its continuing certification to ISO 9001 and focuses on key processes and activities. The September 2013 ISO 9001 surveillance visit, conducted by the Agency's certification body SGS, identified the following weaknesses:

- a lack of local management supervisory checks and

- the Agency's corporate audit programme (undertaken by BI&A) has deviated from its prime function of establishing whether or not staff are following procedures; a requirement of the ISO internal audit function

To ensure that the Agency continues to comply with the requirements of the standard, the 2013-14 IQA programme was amended to incorporate these findings and to also focus on key service delivery areas. This corrective action resulted in a positive outcome from the March 2014 surveillance visit and SGS reported that the Agency's Quality Management System (QMS) was effectively demonstrating its compliance with the requirements of the ISO 9001:2008 Standard.

The IQA programme is based upon the analysis of risks and other factors identified by Directors, and developed in collaboration with DfT's Audit and Risk Assurance (ARA) team, and is approved by the EB and the ARAC.

DfT ARA operates to standards defined in the Government's Public Sector Internal Audit Standards and its annual programme of work is based upon the analysis of risks to which the Agency is exposed and by what the Audit Committee and EB identify as key risks. The outcome for the 2013-14 programme identified that 85% of audits received an overall 'reasonable' opinion or above.

The MCA Head of Internal Audit's Opinion provided an overall 'reasonable' assurance rating on the adequacy and effectiveness of the MCA's arrangements for corporate governance, risk management and internal control.

During the year the benefits of co-operation and collaboration in delivering the ARA and IQA audit effort continued to be realised.

The Agency is proactive in capturing and addressing the outcomes of audits carried out by external bodies. An Audit was undertaken by the Special European Union Programmes Body to consider the Agency's control systems with regard to the Ireland, Northern Ireland and Scotland Hydrographic Survey (INIS) Hydro INTERREG Project.

Progress on management actions agreed for internal and external audits is monitored by the SEG and EB, at their monthly meetings, and by the ARAC at their quarterly meetings. One of the agreed outcomes has been the development of Coastguard management and supervisory processes.

Fraud, Bribery and Whistleblowing
The Agency remains committed to reducing incidents of fraud. When identified, investigations are carried out and lessons extracted to strengthen the control environment and reduce the likelihood of recurrence. Fraud, bribery and whistleblowing is discussed at ARAC as a regular agenda item.

Health and Safety
The Agency has continued its proactive approach to Health and Safety management. This has been reflected by the steady reduction in the number of lost time due to physical injuries over the last year to both staff and volunteers. By carefully monitoring trends in sickness absence and by undertaking root cause analysis of incidents we have identified emerging health and safety issues, notably work related stress, which has allowed us to direct additional resources into proactively managing these risks. Examples include the development of a bespoke Stress Management Workshop with supporting material for managers, Clinical Governance, and systematic implementation of a range of actions, i.e. Coastguard Operating Management Plans, to improve operational practice within volunteer Coastguard Rescue Teams.

Information Assurance and Data Handling
Information Asset Owners manage asset risk registers on an ongoing basis and submit quarterly risk returns on their individual assets for review by the Information Assurance Branch (IAB). IAB submit a consolidated asset risk return quarterly to DfT Central. The Agency's information asset register and a report of the Agency's compliance with the Security Policy Framework are submitted to DfT Centre on an annual basis.

The Agency continues to review and improve the physical security of our estates and strengthening it where required. Plans have been put into place to improve areas of our technical security in early 2014-2015 to ensure that our information assets are protected.

- our Government Secure Intranet (GSI) network has been reaccredited
- we are continuing to develop documentation and implement our ISO 27001 based Information Security Management System (ISMS)
- a physical security risk assessment has been implemented to assess the effectiveness of the physical security of all our manned sites to allow us to address any necessary remedial works
- we issue regular reminders relating to security responsibilities through the Agency's Managers' Portal

New Government Security Policy
Modernising security is a key element of delivering our business and in support of this the UK Government is changing the way it classifies and protects its information. A simpler approach will be adopted and the new three levels of security classification will be:

- OFFICIAL
- SECRET
- TOP SECRET

The Agency will operate within the official category. The changes will take effect from April 2014 but prior to this a phased introduction of the new policy was introduced to everyone within the Agency.

Financial Process and Business Continuity
Towards the end of the financial year, the Agency was unable to provide reports from its accounting system and had to invoke a manual Business Continuity process to complete the Annual Report and Accounts. In addition, one file in the volunteer payroll system became corrupted, and the system was operated manually so that our volunteers and Her Majesty's Revenue and Customs (HMRC) were paid appropriately and on time and we avoided financial penalties.

External Partners
The Agency's key relationships include those with: our safety partners (RNLI, RYA and other rescue and governing organisations); industry; other government departments (MOD, DECC, BIS, DEFRA); and our parent department, the DfT.

Management Assurance
The process for carrying out the management assurance exercise was revised in September 2013, by DfT, to ensure that the various areas of concern raised by management are more accurately addressed and to keep it more topical, simple and user-friendly. The information reported in the return for the 2013-14 exercise was subject to challenge by Directors, the SEG, EB and the ARAC.

The eight recommendations from the Macpherson Review, on quality assurance processes, have been implemented by the Agency and are quality assured through the Accounting Officer's Assurance & Governance statements.

In accordance with DfT guidance the Agency's system of internal control is monitored and reviewed and regular reports are made to the SEG, EB and to the ARAC. Where weaknesses have been identified, action plans to improve the control mechanism have been established. The assurance process enables the Accounting Officer to draw confidence and provide a 'substantial' assurance on the effectiveness of risk management, governance and control processes throughout 2013-14.

Sir Alan Massey
Chief Executive
13 June 2014

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 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; 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 Accounting Officer and Auditor

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require my staff and me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Maritime and Coastguard Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Maritime and Coastguard Agency's affairs as at 31 March 2014 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued there under.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Directors Report, the Strategic Report and the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff: or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse **Date 16 June 2014**
Comptroller and Auditor General

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

Annual Accounts of the Maritime and Coastguard Agency for the year ended 31 March 2014

Financial Statements

Statement of Comprehensive Net Expenditure
for the year ended 31 March 2014

	Note	Staff Costs £'000	Other Costs £'000	2013-14 Income £'000	2012-13 £'000
Administration Costs					
Staff Costs	[2]	(6,070)			(5,743)
Establishment, Accommodation and Other Administrative Costs	[3]		(3,896)		(2,836)
Operating income	[5]			1,740	0
		(6,070)	(3,896)	1,740	(8,579)
Programme Costs					
Staff Costs	[2]	(37,360)			(38,040)
Establishment, Accommodation and Other Administrative Costs	[3]		(28,863)		(28,668)
Programme Costs	[4]		(91,435)		(74,179)
Income	[5]			11,724	12,176
Totals		(43,430)	(124,194)	13,464	(128,711)
Net Operating Cost				(154,160)	(137,290)

Other Comprehensive Expenditure

Items that will not be reclassified to net operating costs:			
Net gain / (loss) on:			
Revaluation of Property, Plant and Equipment	[21]	3,806	(772)
Revaluation of Intangibles	[21]	61	26
Revaluation of Stockpile Goods	[21]	939	0
Items that may be reclassified subsequently to net operating costs:			
Revaluation of assets held for sale			
Total Comprehensive Expenditure for the year ended 31 March 2014		(149,354)	(138,036)

Accounting policies and notes forming part of these accounts are on pages 47 to 74.

Statement of Financial Position
as at 31 March 2014

	Note	31 March 2014 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2013 £'000
Non-current assets					
Property, plant and equipment	[10 & 11]	72,816		52,213	
Intangible assets	[8 & 9]	6,078		6,125	
Stockpile goods	[12]	3,860		2,931	
Financial assets (receivables)	[13]	41		49	
Total non-current assets			82,795		61,318
Current assets					
Assets classified as held for sale	[14]	115		0	
Trade and other receivables	[15]	5,281		6,742	
Cash and cash equivalents	[16]	521		0	
Total current assets			5,917		6,742
Total assets			88,712		68,060
Current liabilities					
Trade and other payables	[17]	(25,030)		(18,241)	
Other liabilities	[18]	(3,113)		(2,422)	
Total current liabilities			(28,143)		(20,663)
Non-current assets plus / (less) net current assets / (liabilities)			60,569		47,397
Non-current liabilities					
Finance Lease Payable	[19]	(826)		(964)	
Provisions	[18]	(2,027)		(4,563)	
Total non-current liabilities			(2,853)		(5,527)
Assets less Liabilities			57,716		41,870
Taxpayers' Equity					
General Fund	[20]	44,998		32,620	
Revaluation reserve	[21]	12,718		9,250	
Total taxpayers' equity			57,716		41,870

Notes on pages 47 to 74 form part of these accounts.

Alan Massey
Chief Executive
13 June 2014

Statement of Cash Flows

for the year ended 31 March 2014

	Note	2013-14 £'000	2012-13 £'000
Cash flows from operating activities			
Net operating cost		(154,160)	(137,290)
Adjustments for non-cash transactions	[3]	7,296	8,224
(Increase) / Decrease in trade & other receivables	[15]	1,461	(10)
(Increase) / Decrease in stockpile goods	[12]	(929)	(49)
Less movements in stockpile goods relating to items not passing through the Statement of Comprehensive Net Expenditure	[21]	939	0
Increase / (Decrease)in trade payables	[17 & 19]	8,781	(155)
(Increase) / Decrease in consolidated fund extra receipts payable	[27]	406	(406)
Increase / (Decrease) in provisions for liabilities and charges	[18]	(1,845)	534
Net cash outflow from operating activities		(138,051)	(129,152)
Cash flows from investing activities			
Purchase of property, plant and equipment		(23,530)	(8,415)
Purchase of intangible assets		(1,258)	(1,060)
Proceeds of disposal of property, plant and equipment		146	931
(Increase) / Decrease in non current financial assets – receivables		8	13
Net cash outflow from investing activities		(24,634)	(8,531)
Cash flows from financing activities			
Current year consolidated fund financing	[26]	165,000	135,500
Increase / (Decrease) in consolidated fund extra receipts payable	[27]	(406)	406
Capital element of finance lease payments		(27)	(27)
Net cash inflow from financing activities		164,567	135,879
Net increase / (decrease) in cash and cash equivalents in period		1,882	(1,804)
Cash and cash equivalents at the beginning of the period	[16]	(1,361)	443
Cash and cash equivalents at the end of the period	[16]	521	(1,361)

Notes on pages 47 to 74 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2014

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2012		33,939	10,299	44,238
Changes in taxpayers' equity for 2012-13				
Movements in reserves				
Recognised in Statement of Comprehensive Net Expenditure	[21]		(746)	(746)
Transfers between reserves		303	(303)	
Other movement to general reserve				
Non – cash charges – audit fees		75		75
Non – cash charges – DfT services		93		93
Comprehensive Expenditure for the year		(137,290)		(137,290)
Total recognised income and expenses		(136,819)	(1,049)	(137,868)
Drawdown from the consolidated fund for the year		135,500		135,500
Balance at 31 March 2013		32,620	9,250	41,870
Changes in taxpayers' equity for 2013-14				
Movements in reserves				
Recognised in Statement of Comprehensive Net Expenditure	[21]		4,806	4,806
Transfers between reserves		1,338	(1,338)	
Other movement to general reserve				
Non – cash charges – audit fees		75		75
Non – cash charges – DfT services		125		125
Comprehensive Expenditure for the year		(154,160)		(154,160)
Total recognised income and expenses		(152,622)	3,468	(149,154)
Drawdown from the consolidated fund for the year		165,000		165,000
Balance at 31 March 2014		44,998	12,718	57,716

Notes on pages 47 to 74 form part of these accounts.

Notes to the Agency's Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Maritime and Coastguard Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the MCA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.01 Accounting Convention

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

1.02 Changes in accounting policy and disclosures

1.02.1 New IFRS standards and interpretations adopted early.

The MCA has chosen not to adopt early any new standards or interpretations.

1.02.2 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2014, and have not been applied in preparing these financial statements. The following are those standards, amendments and interpretations that are relevant to the Agency and that may need to be adopted in subsequent periods:

- Phases 1 and 2 of IFRS 9 Financial Instruments, which will replace parts of IAS 39, deals with the classification and measurement of financial assets and financial liabilities. IFRS 9 is intended to improve and simplify the reporting of financial instruments. The completed phases require financial assets and liabilities to be measured according to their classification, and simplify the classification structure. According to the IASB, application of this standard is required for reporting periods beginning on or after 1 January 2015, though earlier application is permitted. However, it is yet to receive EU endorsement so it is difficult to predict the actual application date. The impact of initial application of IFRS 9 is not expected to be significant; the classification of financial assets and liabilities will change, but it seems that existing measurement approaches will continue to be appropriate.
- IFRS 13 provides guidance on establishing fair values of assets and liabilities and sets out disclosure requirements, where other standards require the fair value to be used or disclosed. Public sector adoption of this standard has been delayed whilst HM Treasury make further assessment of its effect on reporting. The exposure draft interprets the IFRS to permit the use of alternative valuation methods for some public service assets, but retains the disclosure requirements of the IFRS. It is considered unlikely that IFRS 13 will have a material impact.
- The International Accounting Standards Board (IASB) is currently developing a replacement to the existing leasing standard, which is expected to eliminate off-balance sheet leasing arrangements, and require recognition of a single right-of-use asset, measured at the present value of lease payments. As the Agency currently occupies many properties under operating leases, this is likely to have an effect on the statement of financial position but the timing of any implementation remains unclear at this stage.
- Other changes due to come into effect after 2013–14 are considered to have no impact on the Agency.

1.03 Non-current Assets: intangible assets

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

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

Intangible assets are amortised typically over 3-5 years or over the useful economic life of an item in property, plant and equipment with which the intangible asset is closely associated.

Intangible non-current assets are stated at their net current replacement cost less accumulated amortisation. Amortisation is charged in the month of acquisition, and none in the month of disposal. Amortisation is not charged on intangible assets under development.

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

1.04 Non-current assets: property, plant and equipment

Property, plant and equipment are carried in the balance sheet at fair value on the following basis:

- Property (i.e. land and buildings) is 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, is used.
- Valuations of property are carried out on a five yearly basis, the latest being undertaken as at 31 March 2014. The five yearly valuation is supplemented by annual indexation for intervening years in line with the direction in the FReM. Revaluation indices are supplied by external property consultants.
- Other plant and equipment are valued on a net current replacement cost basis. Assets are revalued using appropriate price indices published by the Office for National Statistics.
- Revaluation surpluses on property, plant and equipment are taken to the revaluation reserve. Revaluation deficits are written off against any revaluation surplus for the asset concerned and otherwise to the Statement of Comprehensive Net Expenditure.
- Depreciation is charged on a straight line basis on each main class of tangible non current property, plant & equipment 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, or adjusted by indices published by the Office for National Statistics, up to a maximum of 50 years.
    - Leasehold buildings are depreciated over the primary term of the lease or the estimated remaining life of the asset, whichever is the lower.
    - Leasehold building improvements are depreciated over the estimated remaining life of the asset, to a maximum of ten years.
    - Equipment is depreciated on current cost over the estimated remaining 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
    - Donated assets are revalued & depreciated in the same manner as other like assets.
    - Property, plant and equipment are stated at their valuation less accumulated depreciation. Depreciation is charged in the month of acquisition, and none in the month of disposal.

1.05 Non-current assets held for sale
Non-current assets which are being actively marketed and are available for immediate sale in their present condition, are valued at the lower of carrying amount and fair value less costs to sell and are classified under current assets in the balance sheet.

1.06 Inventories
Inventories, where applicable, are 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.

1.07 Stockpile Goods
Stockpile goods are chemical goods for use in national emergencies held at strategic locations in the UK. They are maintained at a fixed level and not normally consumed in the year during the course of operations. They are valued at replacement cost as the use of net realisable value is not deemed appropriate. Revaluation surpluses are taken to the revaluation reserve.

1.08 Financial Instruments
Loans, and other receivables and payables, where arising from contractual obligations, are initially measured 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 a provision for impairment.

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

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

1.10 Pensions
Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. 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 schemes, the Agency recognises the contributions payable for the year.

The Scheme is actuarially valued periodically and as at 31 March 2014 no additional accounting entries were required other than those shown in these accounts. If the MCA is required to meet obligations in the future these will be accounted for in accordance with IAS 19.
Additional details relating to the PCSPS are included under Note 2 – Staff Costs.

1.11 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 Statement of Comprehensive Net Expenditure 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 Principal Civil Service Pension Scheme. The early departures provision includes an estimate of the staff cost for the Future Coastguard Modernisation Programme announced in November 2011 which is being implemented over three years. The provision also includes an estimate for staff exit packages as a result of the upcoming migration to a Shared Service Centre. Provisions are disclosed at Note 18.

1.12 Value Added Tax

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

1.13 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. Income is stated after deduction of Value Added Tax. Income received in advance of service provision is deferred to match the related expenditure.

1.14 Prior Year Adjustments

Material adjustments applicable to prior periods arising from machinery of government changes, accounting policy changes, or from the correction of errors are accounted for by restating prior year figures in accordance with IAS 8.

1.15 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between programme and administration income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by HM Treasury.

1.16 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 Statement of Other Comprehensive Expenditure.

1.17 Financing from the Consolidated Fund

Outstanding financing from the Consolidated Fund at the end of the financial year is carried forward on a rolling basis.

1.18 Contingent liabilities

In accordance with IAS 37, the Agency discloses as contingent liabilities potential future discounted obligations arising from past obligating events, where the existence of such obligations remains uncertain pending the outcome of future events outside of the Agency's control, unless their likelihood is considered to be remote.

1.19 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 1.04.

1.20 Third Party Assets

The MCA does not hold any third party assets as custodian or trustee.

1.21 PFI

The MCA does not currently have any PFI transactions to record.

2. Staff Numbers and Related Costs

The average number of persons employed during the year was:-

	2013-14	2012-13
Board members	4	4
Frontline service deliverers and direct support staff	825	879
Corporate support staff	161	162
Temporary agency staff	13	5
Total	1,003	1,050

The average employment status was:-

	2013-14	2012-13
Permanent staff	855	933
Fixed term contract staff	135	112
Temporary agency staff	13	5
Total	1,003	1,050

There are approximately 3,500 volunteers in the Coastguard Rescue Service.

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

	2013-14	2012-13
	£'000	£'000
Wages and salaries	34,467	34,194
Movement in staff holiday & time off in lieu accrual	172	(97)
Social security costs	2,772	2,740
Other pension costs	5,830	6,017
Early departure costs	37	1,090
Agency staff	572	192
Sub total	43,850	44,136
Less costs of staff engaged on capital projects	(420)	(353)
Total net costs	43,430	43,783

For 2013-14 the total is split £6,070,000 Administration and £37,360,000 Programme (2012-13 £5,743,000 Administration and £38,040,000 Programme).

Staff costs in the body of the above table have been stated gross to include costs of staff on capital projects, which are then deducted to arrive at the net figure per the Statement of Comprehensive Net Expenditure.

Staff numbers and costs detailed above include the following average staff numbers for those engaged on capital projects and their associated costs:

	2013-14	2012-13
Average staff numbers engaged on capital projects	9.7	9.6
	2013-14	2012-13
	£'000	£'000
Wages and salaries	330	284
Social security costs	30	22
Other pension costs	60	47
	420	353

During 2013-14 no employees retired early on ill health grounds (2012-13: one employee); the total accrued pension liabilities in the year amounted to £nil (2012-13: £2,589).

2.1 Reporting of Civil Service and other compensation schemes - exit packages

2013-14 (2012-13)

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
<£10,000	0	(0)	0	(4)	0	(4)
£10,000 - £25,000	0	(0)	9	(12)	9	(12)
£25,000 - £50,000	0	(0)	6	(9)	6	(9)
£50,000 - £100,000	0	(0)	0	(1)	0	(1)
£100,000 - £150,000	0	(0)	0	(1)	0	(1)
£150,000 - £200,000	0	(0)	0	(0)	0	(0)
Total number of exit packages	0	(0)	15	(27)	15	(27)
Total resource cost/£	0	(0)	£324,088	(£736,704)	£324,088	(£736,704)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Agency has agreed early retirements, the additional costs are met by the Agency and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

3. Establishment, Accommodation and Other Administrative Costs

	2013-14		2012-13	
	£'000	£'000	£'000	£'000
Establishment costs		9,418		5,811
Coastguard costs		2,551		2,460
Transport, travel and subsistence		3,210		3,294
Premises including leases		10,284		11,715
Non-Cash Items:				
Amortisation of intangible non current assets	924		1,693	
Depreciation of other tangible non current property plant & equipment assets	6,223		4,798	
Impairment of assets	447		0	
Revaluation losses written off	1,178		1,746	
Revaluation losses written back	(1,530)		(157)	
Loss/(profit) on disposal of non current assets	(146)		(24)	
Notional costs*:				
DfT support services	125		93	
Audit fee (statutory audit)	75		75	
		7,296		8,224
		32,759		31,504

For 2013-14 the total is split £3,896,000 Administration and £28,863,000 Programme (2012-13 £2,836,000 Administration and £28,668,000 Programme).

* Notional costs are included as follows:
i. DfT support services: These are included to reflect an estimate of 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. 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. Programme Costs

	2013-14		2012-13	
	£'000	£'000	£'000	£'000
SAR helicopters		48,703		28,517
Emergency towing vessels		2,238		2,691
Telecommunications		11,165		9,585
Aerial spraying and surveillance		2,631		2,350
Marketing, public relations and printing		270		172
Membership subscriptions to international bodies		1,785		1,693
Counter pollution		425		219
Vehicle and boat fleet		781		808
Storage of equipment stockpiles		523		513
Coast rescue equipment		734		896
Uniforms		541		458
Radio surveys, inspections and advisory work		53		157
Research and technical advice projects		170		358
INIS Hydro project		323		1,310
Satellite communications		269		261
Pyrotechnic disposal and fire safety equipment		260		184
Ex-gratia payments		(190)		190
Other		451		441
Current Grants:				
Assistance for Merchant Navy training	12,300		12,106	
		12,300		12,106
Disbursements:				
Civil hydrography	6,773		5,543	
Weather bulletins and navigational warnings	889		5,414	
Other services to industry	341		313	
		8,003		11,270
		91,435		74,179

Current Grants: The Agency disbursed grants of £12,300,000 net of administration costs, to the shipping industry in 2013-14 (2012-13: £12,106,000). This is to a maritime training scheme administered by the Agency.

Disbursements: The Agency provided services to the shipping industry at a cost of £8,003,000 in 2013-14 (2012-13: £11,270,000), 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.

From 2013-14 the MCA's budget for disbursement on public weather service bulletins transferred to the Department for Business and Skills. The Met Office direct weather service bulletin payments remain within the MCA.

During the year, two new gap contracts for the provision of UK Search and Rescue (SAR) commenced covering the same four bases as the previous contract. This covers the period until 2017 when a further 10 year contract that also covers the current Ministry of Defence SAR provision will commence. A ruling is awaited from HM Revenue and Customs (HMRC) on the recoverability of VAT on this new gap contract and the above figures assume VAT is not recoverable in 2013/14.

5. 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:

	2013-14 Appropriated in Aid £'000	2012-13 Appropriated in Aid £'000
Statutory services	9,087	8,506
Operational services	783	599
Other services	930	918
Other income	2,664	2,153
Total	13,464	12,176

All income is derived from the delivery of frontline services by the Agency in 2013-14, with the exception of £1,581,372 (2012-13: £121,579) of other income relating to the recharge of expenditure for early retirements, departures of some Agency staff and other migration costs charged to the DfT in respect of the Shared Services project.

Income is recorded on the following basis:-

Statutory Services
Provided by request such as ship surveys and seafarer certification, in most cases a deposit is paid and in all cases the revenue is only recorded when the service is provided.

Operational Services
Provided by request such as emergency flights and radio warning broadcasts; in all cases the revenue is only recorded when the service is provided.

Other Services
Provided by request such as 'Wider Market' surveying activities which are in addition to statutory requirements; revenue is only recorded when the service is provided.

Other Income
Receipts for items such as costs recovered for pollution remedial activities, income from other government departments where costs are recovered, Shared Services project income, rental income and income from European funded projects at appropriate project completion stages. Revenue is only recorded when the service is provided. For 2013-14 Other Income, £1,740,000 of this relates to Administration (2012-13: nil).

European Income

	2013-14 £'000	2012-13 £'000
INIS Hydro – Research	324	1,349
Horizon - Research	0	2
Fireproof - Research	3	1
Goalds - Research	(8)	5
Total European Income	319	1,357

European income received is for the research projects above where the expenditure was recovered from the EU. This recovers mainly internal costs so effectively reduces the burden on the Exchequer. The above are included within the figures for Other Income in the table above.

6. Operating Segments

The Agency is funded by central government, its primary tasks are service driven but it does receive income from the provision of services. The Agency's operating segments are based around the services it provides. These are set out below and presented on the same basis as the internally reported information that is provided to the Executive Board. This is in line with the requirements of IFRS 8. Each segment has distinct responsibility within the Executive Board.

The Maritime Safety and Standards segment covers delivery of survey, inspection, seafarer services, UK Ship Register, navigation safety, vessel and environmental policy along with maritime security responsibility. Income is received on the provision of some of these services.

The Maritime Operations segment is responsible for delivery of Coastguard, Search and Rescue (SAR) operations, counter pollution, provision of the Agency's infrastructure, management of contracts and Human Resources. The Agency derives income from the provision of non core services that use its infrastructure.

Strategy and Finance provide the necessary financial, corporate governance, health and safety, risk management, information assurance, corporate development and procurement services to the Agency.

Office of the Chief Executive covers enforcement, communications and secretariat.

Shared Services covers staff costs related to the move to a Shared Services Centre

Operating segment 2013-14	Staff costs £'000	Establishment and accommodation costs £'000	Other programme costs £'000	Total operating costs £'000	Operating income £'000	Net operating costs £'000
Maritime Safety & Standards	(16,821)	(2,820)	(22,494)	(42,135)	10,596	(31,539)
Maritime Operations	(22,087)	(28,056)	(68,767)	(118,910)	1,113	(117,797)
Strategy & Finance	(2,116)	(317)	19	(2,414)	115	(2,299)
Office of the Chief Executive	(1,369)	(614)	(193)	(2,176)	59	(2,117)
Shared Services	(1,037)	(952)	0	(1,989)	1,581	(408)
Total costs	(43,430)	(32,759)	(91,435)	(167,624)	13,464	(154,160)

The MCA does not have any customers where normal business services are provided that exceed 10% of total turnover.

Operating segment 2012-13	Staff costs £'000	Establishment and accommodation costs £'000	Other programme costs £'000	Total operating costs £'000	Operating income £'000	Net operating costs £'000
Maritime Safety & Standards	(16,090)	(2,806)	(26,428)	(45,324)	10,969	(34,355)
Maritime Operations	(23,739)	(27,730)	(47,296)	(98,765)	1,156	(97,609)
Strategy & Finance	(1,796)	(304)	(293)	(2,393)	8	(2,385)
Office of the Chief Executive	(1,249)	(651)	(162)	(2,062)	43	(2,019)
Shared Services	(909)	(13)	0	(922)	0	(922)
Total costs	(43,783)	(31,504)	(74,179)	(149,466)	12,176	(137,290)

7. Analysis of services for which a fee is charged

The Agency is required 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 IFRS 8 (Operating Segments).

		2013-14			2012-13	
	Income £'000	Expenditure £'000	Net £'000	Income £'000	Expenditure £'000	Net £'000
Statutory Services						
Marine surveys	5,519	5,165	354	5,046	4,722	324
Registration of ships	1,066	802	264	1,035	778	257
Seafarers' examinations and certification	2,384	2,179	205	2,291	2,095	196
Other statutory services	118	51	67	134	58	76
Subtotal	9,087	8,197	890	8,506	7,653	853
Operational Services						
Emergency helicopter flights	263	925	(662)	141	498	(357)
Navigational warning broadcasts	520	742	(222)	458	652	(194)
Subtotal	783	1,667	(884)	599	1,150	(551)
Other Services						
Wider market initiatives	874	640	234	862	632	230
Non-statutory services and training	56	168	(112)	56	168	(112)
Subtotal	930	808	122	918	800	118
Total	10,800	10,672	128	10,023	9,603	420
Offshore pollution receipts	60	34	26	211	115	96
EU projects funding – see note 5	319	319	0	1,357	1,357	0
Other income	210	210	0	111	111	0
Civil hydrography receipts	19	19	0	0	0	0
Dept of Energy & Climate Change	35	35	0	33	33	0
Shared Service Project recharge	1,581	1,581	0	122	122	0
Accommodation receipts	440	440	0	319	319	0
Wreck salvage	0	105	(105)	0	90	(90)
Subtotal	2,664	2,743	(79)	2,153	2,147	6
Total operating income	13,464	13,415	49	12,176	11,750	426

The financial objective of each service 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 analysis of services for which a fee is charged. The above table shows direct income and expenditure and excludes the allocation of overheads to activity.

Non – Current Assets

8. Intangible assets as at 31 March 2014

2013-14	Software Licences £'000	Under Development £'000	Software £'000	Total £'000
Cost				
As at 1 April 2013	12,084	2,172	2,335	16,591
Additions	167	649	0	816
Disposals	0	0	0	0
Transfers	37	(60)	23	0
Revaluations	106	23	20	149
As at 31 March 2014	12,394	2,784	2,378	17,556
Amortisation				
As at 1 April 2013	10,024	0	442	10,466
Charge for year	674	0	250	924
Disposals	0	0	0	0
Revaluations	85	0	3	88
As at 31 March 2014	10,783	0	695	11,478
Net Book Value				
As at 1 April 2013	2,060	2,172	1,893	6,125
As at 31 March 2014	1,611	2,784	1,683	6,078

2013-14	Software Licences £'000	Under Development £'000	Software £'000	Total £'000
Intangible Asset Financing				
Owned	1,611	2,784	1,683	6,078
Net Book Value As at 31 March 2014	1,611	2,784	1,683	6,078

Analysis of major intangible assets	Asset Cost 31 March 2014 £'000	Net Book Value 31 March 2014 £'000	Amortisation Approx Years Remaining
Cers Project – vessel, movements & cargo records	6,460	290	2
Radio Equipment Refresh - Software	2,318	1,630	1 - 8
Information Security Management System (ISMS) projects	1,513	1,513	Under Development
GSI Connection Project Software	1,072	536	3
Cers II Project – vessel, movements & cargo records	650	373	3
Integrated Coastguard Communication System (ICCS) Dover	560	560	Under Development
IMS Vision	480	480	Under Development
Seafarers Certification Management System (SCMS)	251	216	6
Seafarers Record System (SRS)	121	121	Under Development
All Other Intangible Assets less than £100k Net Book Value	4,131	359	Nil to 5
	17,556	6,078	

9. Intangible assets as at 31 March 2013

2012-13	Software Licences £'000	Under Development £'000	Software £'000	Total £'000
Cost				
As at 1 April 2012	11,508	1,568	1,971	15,047
Additions	406	989	80	1,475
Disposals	0	0	0	0
Transfers	114	(385)	271	0
Revaluations	56	0	13	69
As at 31 March 2013	12,084	2,172	2,335	16,591
Amortisation				
As at 1 April 2012	8,547	0	183	8,730
Charge for year	1,436	0	257	1,693
Disposals	0	0	0	0
Revaluations	41	0	2	43
As at 31 March 2013	10,024	0	442	10,466
Net Book Value				
As at 1 April 2012	2,961	1,568	1,788	6,317
As at 31 March 2013	2,060	2,172	1,893	6,125

2012-13	Software Licences £'000	Under Development £'000	Software £'000	Total £'000
Intangible Asset Financing				
Owned	2,060	2,172	1,893	6,125
Net Book Value As at 31 March 2013	2,060	2,172	1,893	6,125

Analysis of major intangible assets	Asset Cost 31 March 2013 £'000	Net Book Value 31 March 2013 £'000	Amortisation Approx Years Remaining
Cers Project – vessel, movements & cargo records	6,187	201	Less than 1
Radio Equipment Refresh - Software	2,298	1,857	3 - 10
Information Security Management System (ISMS) projects	1,287	1,287	Under Development
HR MIS – Staff Records System	1,073	0	Nil
GSI Connection Project Software	1,063	744	4
Cers II Project – vessel, movements & cargo records	649	505	4
Integrated Coastguard Communication System (ICCS) Dover	629	629	Under Development
AIS Service Provision Server	479	49	Less than 1
E Forms Project	379	0	Nil
Seafarers Record System	120	120	Under Development
All Other Intangible Assets less than £100k Net Book Value	2,427	733	Nil to 5
	16,591	6,125	

10. Property, plant and equipment as at 31 March 2014

2013-14	Land	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	£'000
Cost or Valuation								
As at 1 April 2013	3,411	45,774	13,906	22,681	13,074	4,078	8,031	110,955
Additions	1,441	13,877	351	173	211	106	7,075	23,234
Assets classified as held for sale	(10)	(292)	0	0	0	0	0	(302)
Disposals	0	(16)	(1,068)	(108)	(122)	(68)	0	(1,382)
Impairments	0	(230)	0	0	(273)	0	0	(503)
Transfers	0	673	0	3,872	728	0	(5,273)	0
Revaluations	359	17,090	86	182	(444)	77	0	17,350
As at 31 March 2014	5,201	76,876	13,275	26,800	13,174	4,193	9,833	149,352
Depreciation								
As at 1 April 2013	0	20,069	9,641	17,543	8,730	2,759	0	58,742
Charge in year	0	2,350	866	1,024	1,772	211	0	6,223
Assets classified as held for sale	0	(181)	0	0	0	0	0	(181)
Disposals	0	(16)	(1,067)	(108)	(122)	(68)	0	(1,381)
Impairments	0	(39)	0	0	(23)	0	0	(62)
Revaluations	0	13,314	23	116	(308)	50	0	13,195
As at 31 March 2014	0	35,497	9,463	18,575	10,049	2,952	0	76,536
Net Book Value								
As at 1 April 2013	3,411	25,705	4,265	5,138	4,344	1,319	8,031	52,213
As at 31 March 2014	5,201	41,379	3,812	8,225	3,125	1,241	9,833	72,816

Property, plant and equipment financing

2013-14	Land	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	£'000
Asset Financing								
Owned	5,201	38,979	3,812	8,225	3,125	1,241	9,833	70,416
Finance Leased	0	2,400	0	0	0	0	0	2,400
Net Book Value								
As at 31 March 2014	5,201	41,379	3,812	8,225	3,125	1,241	9,833	72,816

No assets funded by government grant or lottery funding were acquired in the current or prior periods.

The Agency purchased Spring Place, its Headquarters building in Southampton in February 2014 for £14.4m. The purchase was approved by the Government Property Unit and HM Treasury with funding provided by the Department for Transport. This acquisition provided Administration and Programme savings in the current financial year and will continue to provide savings for future years. The former Forth Marine Rescue Coordination Centre (MRCC) is being actively marketed for sale and has therefore been classified under Assets held for sale in Note 14.

A formal valuation of the Agency's entire estate was carried out as at 31 March 2014 by external valuers. The valuers were K Maguire MRICS of GVA James Barr and D Letherby 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).

In years 2009-10 and 2010-11, Land & Buildings were revalued using indices supplied by DfT. For 2011-12 and for 2012-13, indices were supplied directly to the Agency by Colliers International.

Donated Assets
During 2010-11 a launch named Hunter was received from HMRC and accounted within the classification of Vehicles and Boats as a Donated Asset. There were no additional Donated Assets during 2013-14.

2013-14	Vehicles and Boats	Total
	£'000	£'000
Cost or Valuation		
As at 1 April 2013	140	140
Donations		
Revaluations	(1)	(1)
As at 31 March 2014	139	139
Depreciation		
As at 1 April 2013	52	52
Charge in year	14	14
Revaluations		
As at 31 March 2014	66	66
Net Book Value		
As at 1 April 2013	88	88
As at 31 March 2014	73	73

2012-13	Vehicles and Boats	Total
	£'000	£'000
Cost or Valuation		
As at 1 April 2012	138	138
Donations		
Revaluations	2	2
As at 31 March 2013	140	140
Depreciation		
As at 1 April 2012	38	38
Charge in year	14	14
Revaluations		
As at 31 March 2013	52	52
Net Book Value		
As at 1 April 2012	100	100
As at 31 March 2013	88	88

Assets with Heritage Characteristics
The Maritime and Coastguard Agency has a number of operational assets detailed within these accounts which are held for use in its business that have some heritage asset characteristics, but they are not held for the primary purpose of contribution to knowledge and culture, or on behalf of the nation's heritage.

There are 29 locations classed as Grade I and II listed buildings, scheduled monuments, conservation areas, etc, functioning typically as a Maritime Rescue Coordination Centre, Sector Base, Radio Site or Coastal Rescue Station. These are included within Non Current Assets, property, plant and equipment and are capitalised with a carrying value of £3,892,206 or are leased within an annual total of £70,616 per annum. These are valued in the same way as other land and buildings.
These locations have been utilised by the MCA from various dates from 1978 onwards and there were no disposals in 2013-14.

Finance Leased
The amount under finance leased above relates to a 40-year lease on the MCA's Aberdeen office. After this year's formal revaluation the office has a net book value of £2,400,000 (2012-13: £1,493,393) under the Buildings asset category. Values in respect of the short and long term obligations under finance leased are set out in Note 19.

Analysis of net book value of Land and Buildings by tenure:

	Land	Buildings	Land	Buildings
	31 March 2014 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2013 £'000
Freehold	5,201	29,849	3,411	14,845
Long leasehold (lease has 50 or more years to run from balance sheet date)	0	3,610	0	4,272
Short leasehold (lease has less than 50 years to run from balance sheet date)	0	7,920	0	6,588
Total	5,201	41,379	3,411	25,705

11. Property, plant and equipment as at 31 March 2013

2012-13	Land	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	£'000
Cost or Valuation								
As at 1 April 2012	4,621	49,381	11,432	23,752	10,932	3,931	6,341	110,390
Additions	0	1,332	1,747	512	272	94	4,355	8,312
Disposals	(822)	(577)	(699)	(2,127)	(1,104)	(32)	0	(5,361)
Impairments	0	0	0	0	0	0	0	0
Transfers	4	50	638	446	1,469	58	(2,665)	0
Revaluations	(392)	(4,412)	788	98	1,505	27	0	(2,386)
As at 31 March 2013	3,411	45,774	13,906	22,681	13,074	4,078	8,031	110,955
Depreciation								
As at 1 April 2012	0	20,791	9,026	18,831	7,223	2,552	0	58,423
Charge in year	0	1,463	829	501	1,783	222	0	4,798
Disposals	0	(496)	(699)	(2,127)	(1,100)	(32)	0	(4,454)
Impairments	0	0	0	0	0	0	0	0
Revaluations	0	(1,689)	485	338	824	17	0	(25)
As at 31 March 2013	0	20,069	9,641	17,543	8,730	2,759	0	58,742
Net Book Value								
As at 1 April 2012	4,621	28,590	2,406	4,921	3,709	1,379	6,341	51,967
As at 31 March 2013	3,411	25,705	4,265	5,138	4,344	1,319	8,031	52,213

Property, plant and equipment financing

2012-13	Land	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	£'000
Asset Financing								
Owned	3,411	24,212	4,265	5,138	4,344	1,319	8,031	50,720
Finance Leased	0	1,493	0	0	0	0	0	1,493
Net Book Value								
As at 31 March 2013	3,411	25,705	4,265	5,138	4,344	1,319	8,031	52,213

No assets funded by government grant or lottery funding were acquired in the current or prior periods.

12. Stockpile Goods

	31 March 2014	31 March 2013
	£'000	£'000
Dispersant stocks	3,860	2,931
Total	3,860	2,931

This year the Agency received current supplier quotations for three quarters of its stockpile enabling valuations to be made when in previous years indices have had to be used. This accounts for the majority of the increase in value as the quantity of stock held is largely unchanged. Any revaluation gains on dispersant stocks are taken to a revaluation reserve.

13. Non-current financial assets – Receivables

	31 March 2014 £'000	31 March 2013 £'000
Amounts falling due after more than one year		
Staff relocation housing loans	3	6
Other receivables	38	43
Total	41	49

In addition to the non-current staff relocation housing loans shown above, an element of these loans is repayable within one year and is included in other current assets (see Note 15). The number of staff members who have housing loans is 3 (2012-13:10).

All of the above balances were with bodies or individuals external to Government.

Current Assets

14. Assets classified as held for sale

	31 March 2014 £'000	31 March 2013 £'000
Land and Buildings:		
Forth Maritime Rescue Coordination Centre		
Net book value	121	0
Anticipated selling costs/impairment	(6)	0
Value of asset held for sale	115	0

15. Trade and other receivables

	31 March 2014 £'000	31 March 2013 £'000
Trade receivables	417	471
VAT receivables	971	1,002
Staff relocation housing loans (see also note 13)	3	6
Prepayments and accrued income	3,855	5,223
Other receivables	35	40
Total	5,281	6,742

	31 March 2014 £'000	31 March 2013 £'000
Amounts falling due within one year		
Balances with other Central Government bodies	68	174
Balances with local authorities	76	409
Balances with NHS trusts	83	58
Balances with public corporations and trading funds	18	11
Balances with bodies external to Government	5,036	6,090
Total as above	5,281	6,742

Current liabilities

16. Cash and cash equivalents

The movement in cash balances in the years to 31 March 2014 was:

	2013-14 £'000	2012-13 £'000
Balance at 1 April 2013 & 2012	(1,361)	443
Net change in cash balances	1,882	(1,804)
Balance at 31 March 2014 & 31 March 2013	521	(1,361)

The Agency does not hold any cash equivalents as defined at IAS 7 Statement of Cash Flows para 7. The Government Banking Service (GBS), RBS & Citibank provide current account banking services.

The following balances were held at:

	31 March 2014 £'000	31 March 2013 £'000
Office of HM Paymaster General / RBS / Citi (GBS)	521	(1,361)
Total bank balances	521	(1,361)

The Agency had cleared funds at both the current and prior year end, the 2012-13 cash book overdraft is a result of timing and is included in the total of Trade payables and other current liabilities in Note 17.

17. Trade payables and other current liabilities

	31 March 2014 £'000	31 March 2013 £'000
Overdraft – cashbook per Note 16	0	1,361
Trade payables	231	1
Finance lease payables	138	132
Staff payroll	2,097	1,412
Other taxation & social security	5	5
Accruals	18,361	11,339
Deferred income	3,778	3,165
Other payables	0	0
	24,610	17,415
Balances where movement does not pass through the Statement of Comprehensive Net Expenditure:		
Consolidated fund overfunding	420	420
Consolidated fund extra receipts	0	406
	420	826
Total	25,030	18,241

	31 March 2014 £'000	31 March 2013 £'000
Amounts falling due within one year		
Balances with other Central Government bodies	2,200	3,011
Balances with local authorities	23	68
Balances with NHS trusts	37	15
Balances with public corporations and trading funds	18	13
Balances with bodies external to Government	22,752	15,134
Total as above	25,030	18,241

18. Provisions for liabilities and charges – current and non - current

2013-14	Other Payments £'000	Dilapidation Costs Buildings Related £'000	Early Departure Costs £'000	Total £'000
As at 1 April 2013	747	2,495	3,743	6,985
Provided in the year	437	174	62	673
Not required written back	(389)	(1,302)	(51)	(1,742)
Utilised during year	(116)	(50)	(634)	(800)
Unwinding of discount	0	(1)	25	24
Balance as at 31 March 2014	679	1,316	3,145	5,140
Analysis of expected timing of discounted flows (years from the reporting period date):				
Within 1 year	679	378	2,056	3,113
2-5 years	0	165	965	1,130
6-10 years	0	413	124	537
Over 10 years	0	360	0	360
Balance as at 31 March 2014	679	1,316	3,145	5,140
Included in the amounts not expected to be called until 10 years over the reporting period date	0	324	0	324
Over 50 years	0	28	0	28
Over 75 years	0	8	0	8
Total over 10 years from the reporting period date	0	360	0	360
Classified as:				
Current liability	679	378	2,056	3,113
Non-current liability	0	938	1,089	2,027
Balance as at 31 March 2014	679	1,316	3,145	5,140

Future estimated costs have been discounted, where the effect of discounting is significant, at -1.9%, -0.65% and 2.20% for Dilapidations falling due in the short (0-5 years), medium (6-10 years) and long term (exceeding 10 years) respectively, (2012-13: -1.8%, -1.0% and 2.2%). A rate of 1.80% was used for Early Departure Costs (2012-13: 2.35%). These rates were supplied from HM Treasury.

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. This provision also includes an estimate for counter pollution costs to cover a recent incident.

The provision for Dilapidation Costs represents the estimated expenditure required to revert leasehold properties back to their original condition in accordance with the terms of certain leases. The estimates are subject to uncertainty regarding timing and the extent of works required. Spring Place, the headquarters of MCA in Southampton, was purchased in the year and associated provision for its lease dilapidations was released.

Part of 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 2020. A provision for Future Coastguard Modernisation staff costs was made in 2011-12 under Early Departure Costs, the programme started last year and the current position reflects the position after the closure of three stations. A contract for the migration of the Agency's HR and Finance transactional services to a Shared Service Centre was signed in 2012-13 with a go-live currently planned for July 2014; a provision of £280,000 is included in Early Departure Costs for transactional and migration staff exit packages.

Non-current liabilities

19. Finance lease payable

	31 March 2014	31 March 2013
	£'000	£'000
Amounts falling due after more than one year		
Finance lease payable	826	964

Finance charges reported under this lease and included in the Statement of Comprehensive Net Expenditure are £49,968 (2012-13: £56,037).
This relates to an existing 40 year lease for Aberdeen office accommodation.

Taxpayers' equity

20. General Fund

	2013-14	2012-13
	£'000	£'000
Balance as at 1 April	32,620	33,939
Net operating cost for the year	(154,160)	(137,290)
Financing from the Consolidated Fund	165,000	135,500
Notional costs	200	168
Transfer from Revaluation Reserve (revaluation surpluses on assets disposed and realised elements of depreciation)	1,338	303
Balance as at 31 March	44,998	32,620

21. Revaluation Reserves

Property, plant and equipment and Intangible assets

2013-14	Land	Buildings	Vehicles and Boats	Comm Equip	IT and Office Equip	Other Plant	Sub-total PPE	Intangibles	*Stockpile goods	Total PPE and Intangibles
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2013	2,480	5,794	412	48	459	15	9,208	42	0	9,250
Revaluation surpluses	359	3,780	63	66	0	26	4,294	61	939	5,294
Revaluation deficits	0	0	0	0	(136)	0	(136)	0	0	(136)
Taken to Statement of Comprehensive Net Expenditure	(73)	(312)	0	0	33	0	(352)	0	0	(352)
Sub-total of movements above as shown in the Statement of Other Comprehensive Expenditure	286	3,468	63	66	(103)	26	3,806	61	939	4,806
Other general reserve movement										
Taken to General Fund	(7)	(995)	(118)	(12)	(187)	(3)	(1,322)	(16)	0	(1,338)
As at 31 March 2014	2,759	8,267	357	102	169	38	11,692	87	939	12,718

Total Revaluation Reserves

2013-14	Total Reserve £'000
Property, plant and equipment reserves	11,692
Intangible asset reserves	87
Stockpile goods reserve	939
Total revaluation reserves as at 31 March 2014	12,718

*This year there has been a significant movement in the value of stockpile goods. The gain has been taken to a revaluation reserve.

Opening Revaluation Reserve balances 2012-13:

Property, plant and equipment and Intangible assets

2012-13	Land	Buildings	Vehicles and Boats	Comms Equip	IT and Office Equip	Other Plant	Sub-total PPE	Intangibles	Total PPE and Intangibles
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2012	2,857	6,952	225	75	145	12	10,266	33	10,299
Revaluation surpluses	0	0	303	0	681	10	994	26	1,020
Revaluation deficits	(392)	(2,723)	0	(240)	0	0	(3,355)	0	(3,355)
Taken to Statement of Comprehensive Net Expenditure	22	1,717	0	(26)	(120)	(4)	1,589	0	1,589
Sub-total of movements above as shown in the Statement of Other Comprehensive Expenditure	(370)	(1,006)	303	(266)	561	6	(772)	26	(746)
Other general reserve movement									
Taken to General Fund	(7)	(152)	(116)	239	(247)	(3)	(286)	(17)	(303)
As at 31 March 2013	2,480	5,794	412	48	459	15	9,208	42	9,250

Total Revaluation Reserves

2012-13	Total Reserve £'000
Property, plant and equipment reserves	9,208
Intangible asset reserves	42
Total revaluation reserves as at 31 March 2013	9,250

Other Financial Commitments

22. Capital Commitments

There were commitments outstanding of £3,493,511 for capital expenditure contracts as at 31 March 2014 (31 March 2013: £5,306,663).

	31 March 2014	
	£'000	£'000
Coastguard Infrastructure		
Maritime Safety Information	668	
ICCS	432	
End User Devices	331	
C-Scope	302	
AIS & Data Centre	117	
Consolidated European Reporting System	108	
Shiftworking Pattern System	98	
Vision	82	
DCS Navtex	44	
Corporate Network Infrastructure Replacement	4	
Total Coastguard Infrastructure		2,186
Counter Pollution		
Current Buster System	602	
Temporary Storage Tank at Sea	84	
Total Counter Pollution		686
Estates		
MOC - Ergonomics	462	
Bawdsey Radio site	19	
Total Estates		481
Agency Infrastructure		
ICT Security		128
Shipping		
Boatmaster Licence Database		13
Total		3,494

23. Commitments under leases

Operating leases

As at 31 March 2014 the Agency was committed to making the following total future minimum payments for land and buildings held under non-cancellable operating leases:

	31 March 2014 Amounts payable under operating leases £'000	31 March 2013 'Other' re-stated Amounts payable under operating leases £'000
Land		
Payable within one year	310	624
Payable later than one year and not later than five years	876	2,070
Payable later than five years	1,390	1,660
Total Land	2,576	4,354
Buildings		
Payable within one year	1,277	2,518
Payable later than one year and not later than five years	4,825	9,546
Payable later than five years	9,418	10,119
Total Buildings	15,520	22,183
Other		
Payable within one year	16,132	9,918
Payable later than one year and not later than five years	215,855	163,494
Payable later than five years	325,817	396,997
Total	557,804	570,409
Total commitments under leases		
Payable within one year	17,719	13,060
Payable later than one year and not later than five years	221,556	175,110
Payable later than five years	336,625	408,776
Total commitments under leases	575,900	596,946

MCA has a number of operating leases for land and buildings. Elements of these properties have been sub-let by the Agency under non-cancellable operating leases and total future minimum rental receipts of £22,000 were anticipated as at the balance sheet date (2012-13: £17,000).
The total of property operating lease rentals charged to the Statement of Comprehensive Net Expenditure during the year was £3,749,856 (2012-13: £3,959,117). Income of £22,000 (2012-13: £17,000) was credited to the operating costs statement during the year in respect of properties held on operating leases which were sub-leased by the Agency.

Cancellable operating arrangements relating to helicopters charged to the Statement of Comprehensive Net Expenditure during the year are £1,827,532 (2012-13: £8,261,000) which relates to the previous helicopter search and rescue (SAR) provision contract which expired in July 2013.
A new helicopter SAR gap contract commenced in July 2013 to cover the period to 2017 from the four bases used in the current SAR contract. During the period of the gap contract a new long term SAR contract for ten years commences which will cover the entire UK search and rescue region, operating from ten bases. This replaces the current Ministry of Defence SAR provision and the MCA gap SAR contract. This long term contract was signed on 26 March 2013. The commitments under both of these new contracts make up the Other category in the table above. A ruling is awaited from HMRC on the recoverability of VAT on these SAR contracts, the above figures assume VAT is not recoverable and comparatives have been re-stated accordingly.

Finance lease
At 31 March 2014 the Agency was committed to making the following total future minimum payments under a finance lease for office accommodation in Aberdeen (see Note 10).

Minimum lease payments:

	31 March 2014 £'000	31 March 2013 £'000
Obligations under finance leases payable		
Payable within one year	182	182
Payable later than one year and not later than five years	729	729
Payable later than five years	228	410
Total	1,139	1,321
Less future interest payments	(175)	(225)
Present value of lease obligations	964	1,096

	31 March 2014 £'000	31 March 2013 £'000
Present value of lease payments		
Payable within one year	138	132
Payable later than one year and not later than five years	614	590
Payable later than five years	212	374
Present value of minimum lease payments	964	1,096

Elements of this office accommodation have been sub-let by the Agency under non-cancellable operating leases and total future minimum rental receipts of £79,000 (2012-13: £149,000) were anticipated as at balance sheet date.

24. Impairments

	2013-14 £'000	2012-13 £'000
Impairment costs charged to operating cost –current assets - property held for sale	6	0
Impairment costs charged to operating cost – non-current assets - buildings	191	0
Impairment costs charged to operating cost – non-current assets - IT and Office Equipment	250	0
Total impairment costs	447	0

These represent the impairment of capitalised design fees for our Daedalus property when this was previously earmarked to be a location for the National Maritime Operations Centre (before the current property was identified). It also includes the write down of IT network equipment purchased for the previously aborted migration to a shared services platform in 2009 of which it had been assumed the equipment would be of use within the MCA for either the current migration exercise or elsewhere in the business.

25. Reconciliation of Movement in Government Funds

	Note	2013-14 £'000	2012-13 £'000
As at 1 April		41,870	44,238
Increase/(Decrease) in General Fund	[20]	12,378	(1,319)
Increase/(Decrease) in revaluation reserve	[21]	3,468	(1,049)
As at 31 March		57,716	41,870

26. Reconciliation of financing from the Consolidated Fund

	Note	2013-14 £'000	2012-13 £'000
Financing per the General Fund	[20]	165,000	135,500
Consolidated Fund financing opening (payable)/receivable	[17]	(420)	(420)
Consolidated Fund financing closing payable	[17]	420	420
Financing from the Consolidated Fund		165,000	135,500

27. Revenue collected on behalf of the Consolidated Fund

	2013-14 £'000	2012-13 £'000
Amounts due to the Consolidated Fund at 1 April	406	0
Revenue received on behalf of the Consolidated Fund	0	1,221
Payments made to the Consolidated Fund	(406)	(815)
Amounts due to the Consolidated Fund at 31 March	0	406

Revenue was received of £1,220,568 in 2012-13 which was deemed to be outside of the MCA budget so was to be surrendered to HM Treasury. This related to the sale of part of the Daedalus airfield, monies received from DfT to fund the shared services migration team and rental income from an unbudgeted sub-let of MCA property. This was excluded from the Statement of Comprehensive Net Expenditure and Statement of Changes in Taxpayers' Equity under section 13.4.8 of the FReM as it was not material to the MCA. The amount paid this year was the balance due to HM Treasury.

28. Losses

There were no losses recorded in the Agency during 2013-14 (2012-13: nil).

29. Special Payments

There were no Special Payments in the year (2012-13: nil).

30. 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. Due to the nature of the claims it is not practical to be able to estimate the future financial effect of the claims as the timing and value are unknown and there is no guarantee of the claims being successful. The contingent assets relate to a number of incidents. In 2013-14 counter pollution claims totalling £262,722 (comprising of £233,896 for the MSC Flaminia and £28,826 for MV Danio) were received by the MCA (2012-13: £211,134 (mainly relating to Shell Gannet claim £170,906; £13,522 Petrojarl Banff and £11,967 MV Pretty Time).

31. Contingent Liabilities

There are no contingent liabilities at the balance sheet date.

32. Events after the Reporting Period

There have been no significant events between the reporting period close and the date of these Financial Statements. These Financial Statements are laid before the Houses of Parliament by the Secretary of State for Transport. IAS 10 requires the MCA to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by MCA's management to the Secretary of State for Transport. The authorised date for issue is 16 June 2014.

33. Related Party Transactions

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

In addition, the MCA has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with the Ministry of Defence and the Met Office.

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

34. Financial Instruments

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

Payments in foreign currency amounted to £353,692 in 2013-14 (2012-13: £920,521) being both sterling paid in foreign currency equivalents as well as settlement of foreign currency payables.

The MCA is fully funded from receipts already in hand or Treasury funding drawdown and financing which does not involve any external to Government financial activity, such as bills sold in the money markets or other loan mechanisms. The MCA is not dependent on the receipt of income from activities or the clearance of outstanding receivables formed in the ordinary course of business for future liquidity, as any cash shortfall will be met by an increase in Treasury drawdown, ensuring payment of trade and all other payable values.

Trade accounts receivable are recovered in the normal course of business and an increase in the experience of bad and doubtful debts debited operating costs by £68,056 in 2013-14 (2012-13: £40,770), with many of the services the MCA provides requiring a deposit or full payment, often covering the full cost prior to commencement of the service provision. The bad debt reserve stands at £253,160 in 2013-14 (2012-13: £185,104). Service provision costs are monitored by MCA staff and where appropriate a deposit increase is requested.
As a Government Agency the MCA has not sold any accounts receivable debt nor planned any future sales and does not enter into financial guarantee contracts or insure receivable debt in any form.

35. Charges to the operating cost & future commitments - PFI Contracts

The Agency does not have any PFI contracts which impact the operating costs statement or give rise to future commitments.

ANNEX A

Maritime and Coastguard Agency
Sustainable Development Report 2013-2014

We are continuing to embed sustainable development across the Agency to live within environmental limits; ensure a strong, healthy and just society; achieve a sustainable economy; practise sustainable procurement; and promote good governance.

We are fully committed to achieving the targets set within the Greening Government Commitments (GGC) Agenda and activity during 2013-14 included:

- publication and internal display of actual energy consumption information covering major buildings, allowing for a targeted approach to improved energy efficiency.
- Annual energy survey of Property Managers aimed at identifying efficiency measures that can be implemented cost effectively.
- ongoing liaison between Sustainable Development Manager and Programme Teams to ensure Sustainable Development is embedded across all active programme works and importantly within all planning processes.

The full details of the GGC Agenda can be located at:

http://sd.defra.gov.uk/gov/green-government/commitments/

We recognise the importance of adapting to climate change as part of our planning processes we have voluntarily published a report detailing the impact it may have on our activities. The report can be found here:

http://archive.defra.gov.uk/environment/climate/documents/adapt-reports/11public-bodies/pbs-maritime-coastguard.pdf

2013-14 Maritime and Coastguard Agency Sustainability Report						
GREENHOUSE GAS (GHG) EMISSIONS		**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Gross Emissions (tonnes CO_2e)	Scope 1: Direct	740.48	777.14	571.68	926.36	617.28
	Scope 2: Indirect emissions	4,150.77	3,712.43	3,618.64	4,095.44	3,905.73
	Scope 3: Business Travel	154.55	91.84	171.77	429.00	403.00
	Total	5,045.80	4,581.41	4,362.09	5,450.80	4,926.01
Related Consumption Data						
	Electricity kWh Per head	6,841	6,569	6,533	7,181	8,143
	Estates Electricity (kWh)	7,911,963	7,076,425	6,897,640	7,870,248	8,076,866
	Private Car Usage (Measured by vehicle mileage) km's	1,161,705	1,115,292	1,186,396	1,177,706	1,221,575
	Hire Car Usage (Measured by vehicle mileage) km's **	829,956	370,091	924,214	840,635	1,185,906
Financial Indicators	Total Energy Expenditure	1,112,673	919,696	993,602	1,169,705	1,010,358
	CRC Related Expenditure (allowance purchases, registration fees etc)	N/A	N/A	57,000	75,000	100,000
	Expenditure on Business Travel(£)	2,092,682	1,842,525	2,029,328	1,984,962	2,322,890

PERFORMANCE COMMENTARY AND TARGETS
The Agency has successfully reduced overall energy consumption over this period in line with Greening Government Commitments. The Agency is currently undergoing a significant period of organisational change and of course this will be reflected in our reported figures. Whilst this change takes place there may be periods of increased demand for energy but it is envisaged that this will reduce significantly once all organisational changes have taken place successfully. Potential reductions have been identified and actioned through the installation of Automated Meter Reading (AMR) devices across the estate which has allowed for greater awareness amongst our staff and contractors through the publication of consumption data and a targeted approach to improving building efficiency. The increase in electricity consumption during 2013/14 is attributable mainly to the acquisition of the National Maritime Operations Centre (NMOC) however estate rationalisation and other direct efficiency works already planned will offset this increase during 2014/15 and beyond the current transitional period.
DIRECT IMPACTS
Scope 1 - This includes direct consumption of Natural Gas, Oil and LPG to our buildings. Direct emissions have decreased in line with GGC commitments and the Agency will continue to drive down consumption through the use of alternative heating sources where possible, better education and targeted efficiency
Scope 2 -This covers electricity supplies to our buildings.
Scope 3 Business Travel - This includes Car Hire Mileage and Grey Fleet Mileage. **There is a reporting adjustment for both hire car usage and car hire travel. Historically the MCA reported only administrative travel as a target to monitor due to the operational nature of its work. This allowance was removed with the introduction of Greening Government Commitments (GGC) but not reflected in reporting. This years reporting reflects both administrative and operational travel. In addition the reporting method and accuracy of reporting for business travel has changed and improved greatly since 2009 and although MCA has seen an increase due to operational change programmes and the necessary travel in relation to these programmes, a significant part of the increase is directly attributable to reporting change/improvement.

2013-14 Maritime and Coastguard Agency Sustainability Report						
WASTE		**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Non - Financial Indicators	Total Admin Waste (tonnes)	115.80	115.80	115.80	115.80	115.80
	Recycled Waste (tonnes)	34.60	48.00	64.60	69.48	86.00
	Kg per head*	310	310	310	310	310
	Percentage recycled	30	41	56	60	75

PERFORMANCE COMMENTARY AND TARGETS

MCA HQ waste streams have remained fairly static since the introduction of waste segregation in the HQ site in 2007. MCA continues to investigate the methods that could be employed in order to establish waste figures for the entire estate including an overall waste strategy. *Per head figures have been re-stated. Regional colleagues have been engaged to ensure a consistent approach to recycling at all major properties is put in place. We are endeavouring to reduce our paper consumption by targeting specific areas. Closed loop paper recycling has now been introduced at all major sites and we continue to engage with our Total Facilities Management (TFM) contractor to identify ways and methods to minimise and manage waste more effectively. Total expenditure during 2013/14 for MCA HQ waste was as follows incineration £1,660, recycling £6,101

WATER		**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Non - Financial Indicators	Estates Water m^3	13,344	11,176	8,512	11,133	9,925
	m^3 per head	10.90	9.80	8.10	10.60	10.00
	Emissions from Water Consumption (tonnes CO_2e)	4,536.96	3,799.84	2,894.08	3,785.22	3,374.25

PERFORMANCE COMMENTARY AND TARGETS

MCA is fully committed to meeting the water consumption best practice targets set out under the Greening Government Agenda. The Agency is currently engaged in an Estate wide Water Saving Audit. Through our Energy Auditing Agents, all major sites are fully surveyed and potential savings and low cost measures identified and undertaken. The MCA has undertaken several water saving campaigns as part of wider awareness raising campaigns. As with other utilities the key to our success in this area has been the installation of water meters where possible allowing us to identify, measure and manage water consumption across the Estate. Total MCA expenditure on water supplies and associated services for 2013/14 was £87,761

Sustainable Procurement

2013-14 Department for Transport Sustainability Report					
SUSTAINABLE PROCUREMENT		2010-11	2011-12	2012-13	2013-14
Sustainable Supply Chains	Percentage of the MCA's contracts directly awarded to Small and Medium Sized Enterprises (SMEs) *re-stated	18.80%	9.95%	*10.53%	22.28%
	Percentage of the MCA's printing contracts awarded to an SME sub-contractor	Data unavailable	100%	59%	78%
	Government Buying Standards Compliance	Data unavailable	Data unavailable	78.57%	92.86%
Internal Flights	Number of domestic business flights undertaken by the MCA	1,423	1,667	1,501	1,837

PERFORMANCE COMMENTARY AND TARGETS

The Maritime and Coastguard Agency recognises the significant impact that our procurement decisions have on sustainability outcomes and we are committed to ensuring that our supply chain is reflective of the overall supply market and supports our sustainable development goals. The MCA has four main mechanisms for improving its sustainable procurement performance.

Policy and Guidance

Sustainable procurement is included in the MCA's procurement guidance to staff (which also makes reference to the Sustainable Procurement Policy), and we have produced a more detailed stand alone guide on the incorporation of sustainability into procurement and contract management processes. The content of both guides is reviewed at least annually. Sustainable procurement is incorporated into the MCA’s wider sustainable development programme through its inclusion in the Agency's Environmental Management System.

Staff Training and Development

All staff within the Procurement Team have the promotion of sustainable procurement as a key objective. Staff have received training in how to conduct a sustainable procurement and contract management process, which is refreshed as required.

Procurement Processes

Basic sustainability criteria are included in all procurement processes conducted by the MCA, and where contracts are high value or have a high sustainability risk we include more advanced criteria specific to the agreement. These criteria are seen as essential to the achievement of best value and are used in the assessment of supplier proposals.

Contract Management

The MCA actively engages with its suppliers and internal order placers to promote continuous improvement of their sustainability performance throughout the contract term. Depending on the sustainability risk or the potential for improvement, this could include the analysis of data on Scope 3 greenhouse gas emissions, the increased purchase of environmentally preferable or socially ethical products, or the promotion of smaller businesses and supply chain diversity.

Notes to the Performance Metrics

1. Government Buying Standards Compliance – this is the percentage of the MCA's contracts awarded in each year to which the Government Buying Standards are applicable, that have the achievement of those Standards as a requirement of the contract.

2. Percentage of Printing Sub-Contracts Awarded to an SME - for 2011-12 covers February and March 2012 only. Prior to joining the pan-Government printing contract in February 2012 we were not able to measure this figure.

3. Internal Flights – the MCA is working toward the Government's target to reduce the number of its domestic business flights (business flights that start and finish in the UK) by 20% during the life of this Parliament. The figures shown are the number of domestic business flights taken by MCA staff in the last three financial years.

Commentary on the Performance Metrics

1. Percentage of contracts directly awarded to SMEs - the increase in this figure since 2012-13 is attributable to two factors. Firstly, we have improved our ability to identify SME suppliers, and on reviewing 2012-13's percentage with current knowledge we have re-stated it at *10.53%, as we believe it should have been at least this figure. Unfortunately we are still not able to guarantee that all SMEs have been identified, but we anticipate further improvements in this area as a result of migration to Shared Services in the coming year. Secondly, we have increased our use of Government-wide frameworks such as G-Cloud, which have been designed to facilitate SME access to Government contracts.

2. Percentage of the MCA's printing contracts awarded to an SME sub-contractor - the increase in this figure from 2012-13 has been caused by a change in the MCA's print ordering patterns such that there were more small orders suitable for SMEs. Also, the prime contractor has improved its mechanisms for identifying SME sub-contractors.

3. Government Buying Standards Compliance - the high percentage here is achieved through the application of standard terms and conditions of contract that require contractors to fulfil the Government Buying Standards. They are particularly used by our Estates and ICT teams, who are responsible for most spend to which the Buying Standards are relevant.

4. Internal Flights - the increase in domestic flights since 2012-13 is a result of three major transformation projects currently underway at the MCA. The Future Coastguard Programme, Survey and Inspection Review and migration to Shared Services all necessitate increased travel for management meetings and recruitment/training activity, beyond what would usually be expected. It is anticipated that the number of internal flights will reduce again when these projects draw to a close.

Other sustainable procurement successes this year include:

- a reduction of the average CO_2 per km emitted by the MCA's hired vehicles, from 135.40g in 2012-13 to 128.68g in 2013-14
- an increase in the procurement of environmentally preferable stationery and paper for the second year in a row, from 42.63% of spend in 2012-13 to 46.05% of spend in 2013-14

Performance Targets

The MCA supports and is working toward the overall Government targets on sustainable procurement, including:

• 100% compliance with the Government Buying Standards
• A 20% reduction in domestic business flights over the lifetime of this Parliament
• 25% of Government spend being made available to Small and Medium Sized Enterprises

In addition, we have an internal target to improve our ability to measure sustainable procurement performance and benchmark our achievements against similar organisations.

DIRECT IMPACTS

The way the MCA buys goods, works and services has a significant impact on all aspects of sustainability across the UK. These impacts include:

Environmental - the sustainability of the goods we buy and the way they are provided impacts on the use of natural resources and the production of greenhouse gas emissions through travel to fulfil obligations under a contract. A number of our contracts also have an element of environmental sustainability - the reduction of marine and coastal pollution - as their primary object.

Economic - the MCA's supplier selection and contract management procedures have an effect on the structure of industries local to our offices, especially those connected to seafaring. We recognise the potential to improve the diversity of our supply chain through the procurement process and to increase opportunities available to smaller and/or innovative suppliers.

Social - social sustainability is primarily impacted through the way the MCA manages its contracts, which provide an opportunity to promote education and training and reduce unemployment in the areas in which we operate. Many of our contracts also have an aspect of social sustainability - the promotion of safety among seafarers and visitors to the coast - as their primary object.

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