



Maritime &
Coastguard
Agency

2018-19

Maritime & Coastguard Agency **Annual Report and Accounts**

Safer Lives | Safer Ships | Cleaner Seas

HC 2450

Maritime & Coastguard Agency
Annual Report and Accounts
2018-2019

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

Ordered by the House of Commons to be printed 18 July 2019

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ISBN 978-1-5286-1199-2

CCS0419958472 07/19

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

PERFORMANCE REPORT 1

NON-EXECUTIVE CHAIRMAN'S INTRODUCTION.....	2
CHIEF EXECUTIVE'S FOREWORD.....	3
WHO WE ARE AND WHAT WE DO	5
OUR ACHIEVEMENTS IN 2018-19	6
LOCATION OF CIVILIAN SEARCH AND RESCUE HELICOPTER TASKINGS, YEAR ENDING MARCH 2019	8
DELIVERING AGAINST OUR 2018-19 BUSINESS PLAN	11
FINANCIAL PERFORMANCE ANALYSIS	19
SAFER LIVES – PREVENTING LOSS OF LIFE	20
SAFER SHIPS – IMPROVING MARITIME SAFETY	24
CLEANER SEAS – PROTECTING THE ENVIRONMENT	29
OUR PEOPLE.....	30
EXTERNAL RELATIONS	31
HEALTH AND SAFETY.....	32
SUSTAINABLE DEVELOPMENT	35

ACCOUNTABILITY REPORT 38

CORPORATE GOVERNANCE REPORT.....	39
GOVERNANCE STATEMENT	42
REMUNERATION AND STAFF REPORT	52
PARLIAMENTARY ACCOUNTABILITY DISCLOSURES (AUDITED).....	61
THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS	62

FINANCIAL STATEMENTS..... 65

STATEMENT OF COMPREHENSIVE NET EXPENDITURE.....	66
STATEMENT OF FINANCIAL POSITION	67
STATEMENT OF CASH FLOWS	68
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY	69
NOTES TO THE AGENCY'S ACCOUNTS.....	70



Performance report

Non-Executive Chairman's introduction

I'm pleased to present the Maritime and Coastguard Agency's Annual Report and Accounts for 2018-19.

In the autumn of 2018 Sir Alan Massey retired as Chief Executive after eight years in office. During that period there were major changes to HM Coastguard's operation which have provided a strong base for future development.

Brian Johnson joined the MCA as Chief Executive in November 2018 and brings a range of skills and experience from many different industries. I have every confidence Brian will enhance the performance of the Agency by setting a clear strategy for the future and enhancing our operational performance.

The Survey and Inspection Transformation Programme is now well established, however the UK Ship Register has not had an easy year due to the uncertainty created by EU Exit which has resulted in a number of customers leaving the flag. Active discussions continue with shipping companies who are less sensitive to EU Exit.

During the year a considerable amount of work has been carried out as the Agency looks to the future development of HM Coastguard. Experience over the last few years has shown that the skills and capability of the service has applications in many areas beyond maritime rescue which has benefit to the wider community.

The performance of the Agency going forward will depend on the skills and capability of our staff and therefore a priority will be to support and develop our people. Finally, I would like to express my thanks to the Agency's Senior Leadership team and their staff for their work and support over the last year.

Michael Parker
Non-Executive Chairman

Chief Executive's foreword

I'm pleased to present my first Annual Report and Accounts for the Maritime & Coastguard Agency as its Chief Executive. I took over from Sir Alan Massey on 1 November 2018 and I pay tribute to his eight-year leadership of the Maritime & Coastguard Agency. Our vision is to be the world's best maritime safety organisation and this Report captures our work to demonstrate that ambition. In the past year, I'm delighted to report on the strides we've made towards achieving this goal. To support that work, I used the opportunity of my arrival as Chief Executive to re-shape the Agency's top team and structures.

The Survey and Inspection Transformation Programme has enabled us to be much more responsive to the needs of our shipping customers. We successfully recruited 33 new marine surveyors in this reporting period which will enable us to hit our survey and inspection targets. Customer satisfaction with our services have been very high. The completion of our estates rationalisation saw the opening of our new facility in Colchester, replacing our former sites in Norwich, Orpington and Walton-On-The-Naze.

The United Kingdom's Ship Register had a difficult year as we prepare for the UK's withdrawal from the European Union. The uncertainty around EU Exit has led to some customers removing ships from the Register and caused the size of the UK Ship Register to fall by 5.6m Gross Tonnage to 10.8m in March 2019. We have taken the opportunity to re-think the Register's service offer to customers. Ministers have extended the eligibility criteria to enable us to attract shipping in new markets. The UK Ship Register has a very attractive proposition that is committed to quality and service, which is reflected in our position of 5th on the Paris Memorandum of Understanding on Port State Control "White List".

The MCA is readier than ever to respond to emergencies at sea, on the coast and inland. In the last year, our coastguard search and rescue service answered the call swiftly and effectively to over 24,000 incidents, sometimes in the most difficult of conditions. Our 3,500 volunteers in the community-based Coastguard Rescue Service and our salaried Coastguard personnel have continued to improve their capability to tackle new challenges, which increasingly included training for national flood response, and shifting some of our effort into drowning prevention activities. We have responded to high-profile incidents and our search and rescue service have featured in television programmes and the wider media to raise our profile, spread our safety messages and encourage recruitment to our ranks.

We can be proud of the red and white Coastguard helicopters that constitute our UK search and rescue helicopter fleet. There are 22 state-of-the-art aircraft operating from 10 bases across the United Kingdom. The new British-built Leonardo AW189 helicopters were rolled out to our St Athan and Lydd bases, with Inverness taking delivery in May 2019. Work has now started on plans for the next generation of our search and rescue helicopter operations, which will see Her Majesty's Coastguard diversify into other aviation strands to recognise the reality that we are the largest users of civil aviation services in Government

Our ambitions to provide more services digitally have not moved as quickly as we had hoped. Our approach to prioritising, defining and delivering these projects has now been overhauled and this work is now on the move again, with a particular focus on improving our customer-facing services.

In terms of our own workforce, the Agency continues to be recognised as a high-performing Civil Service organisation with a staff engagement index of 65%, although I am determined to see that increase significantly over the coming years. I am taking steps to improve the leadership capability in the MCA so that we do the best for our people, embrace their talent and grow their potential through our training and development programmes. At the same time, we have taken positive action to improve internal communications and address pockets of challenging behaviours. Initiatives included the introduction of Employee Engagement Groups to give our people a direct line to senior management, and the roll out of our in-house Respect Workshops; over 450 staff have attended these workshops so far.

Next year we will build on the good work already undertaken around improving services for our customers, embedding commercial awareness and ensuring that the MCA is a more fulfilling place to work for our people. We have developed new, ambitious and exciting plans to promote safety, growth and innovation over the next three years and beyond. There is widespread enthusiasm for those plans from our people and we look forward to reporting on them in the years to come.

Brian Johnson
Chief Executive

Who we are and what we do

Maritime and Coastguard Agency

The Maritime & Coastguard Agency (MCA) is an executive agency of the Department for Transport (DfT). We work to prevent the loss of life on the coast and at sea.

- We produce legislation and guidance and provide certification to ships and seafarers
Through our survey and inspection regime, we enforce standards for ship safety, security, pollution prevention and seafarer health, safety and welfare for seafarers.
- We provide a national 24-hour maritime and coastal search and rescue (SAR) emergency response throughout the UK.
- We work with strategic partners to promote maritime safety, encourage economic growth, and minimise the maritime sector's environmental impact. We do this through Government's maritime safety and environmental strategy, and through our support to industry via the UK Ship Register.
- The MCA's vision is to be the best maritime safety organisation in the world, driving progress towards safer lives, safer ships, and cleaner seas. This vision is underpinned by our four key values of safety, professionalism, trust, and respect.
- Our Business Plan for 2019-20 sets out details of our strategic and commercial ambitions, including:
 - continuing to implement the Survey and Inspection Transformation Programme and deliver against agreed milestones;
 - in line with our Marketing Strategy, we are aiming to attract 1.25m gross tonnage (GT) of shipping to join the UK Ship Register;
 - reviewing our SAR missions to ensure that we are delivering a professional coastguard SAR coordination service, and strengthening the management of our coastal operation functions;
 - maximising digital technology to support the delivery of our improved services;
 - developing our people and building on talent.

A copy of our Business Plan for 2019-20 can be found at:

<https://www.gov.uk/government/publications/mca-business-plan-2019-to-2020>

Management Commentary

Effective management plays an important part in delivering our services to our customers. Our Governance Statement on page 42 describes how we do this and outlines the principal risks facing the Agency.

Our achievements in 2018-19

The Agency retained an engagement index score of 65%, which means we remain a high performing Civil Service organisation for staff engagement.

The actions we put in place after our 2017 Investors In People (IIP) assessment have been implemented and that saw us successfully achieve accreditation to the Silver standard in October 2018.

We have continued our efforts to improve communications and address pockets of challenging behaviours. We have introduced new initiatives and by the end of March over 450 colleagues have experienced a workshop to increase their understanding of what good behaviours look like.



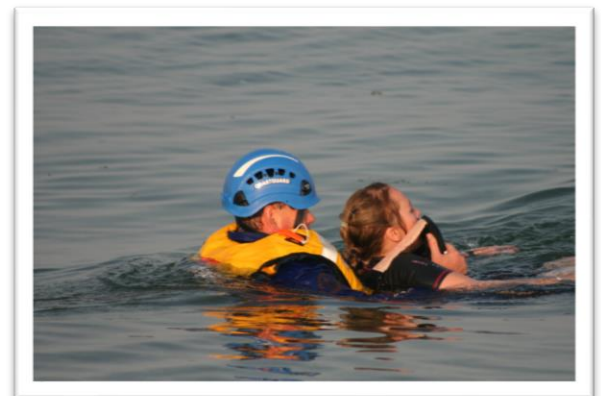
Our Coastguard search and rescue (SAR) coordination network has responded to over 24,000 incidents, dealing with distress and 999 calls.

Our Aeronautical Rescue Coordination Centre responded to nearly 2,600 incidents, rescuing over 1,700 people.

We have been striving to provide our customers with great services and value for money. Our procurement team has driven down the cost of key contracts, supporting the business with sound technical advice. This in addition to the efficiencies being realised across the Agency is helping to ensure that we provide the best value for money.

Our seafarer training and certification team continue to provide an excellent service, with over 85% of customers surveyed saying they received a good or excellent service.

Due to added emphasis on the UK Drowning Prevention Strategy, the number of fatalities around our coastline and waterways has reduced. The reduction highlights the positive impact of continuing our prevention activity working with other National Water Safety forum members on saving lives around our coast and waterways.





There were 71 new ship registrations and at the end of March 2019 the UK Ship Register stood at 10.8m Gross Tonnage with 1,238 vessels.

Navigation Safety Branch have prioritised the safe and efficient passage for vessels operating within UK home waters and have surveyed around 3,900 km² of seabed in the last year.

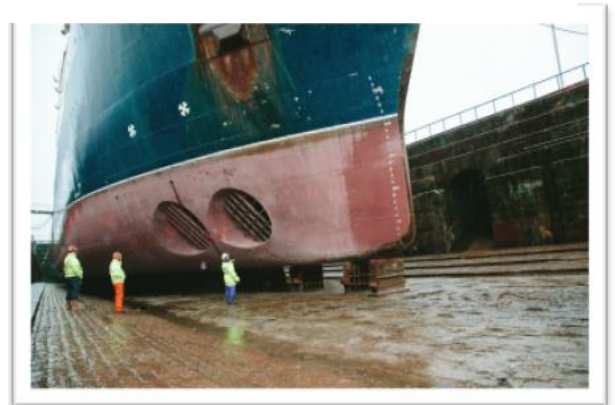
We successfully prosecuted 10 enforcement cases in the year, thereby adding to the safety of the maritime community.

The MCA's Receiver of Wreck team has dealt with over one million individual items of wreck being reported.

The Survey & Inspection Transformation Programme continued with significant progress being made in year.

The Marine Office estate rationalisation plan, reducing to nine Marine Offices, completed on schedule in March 2019.

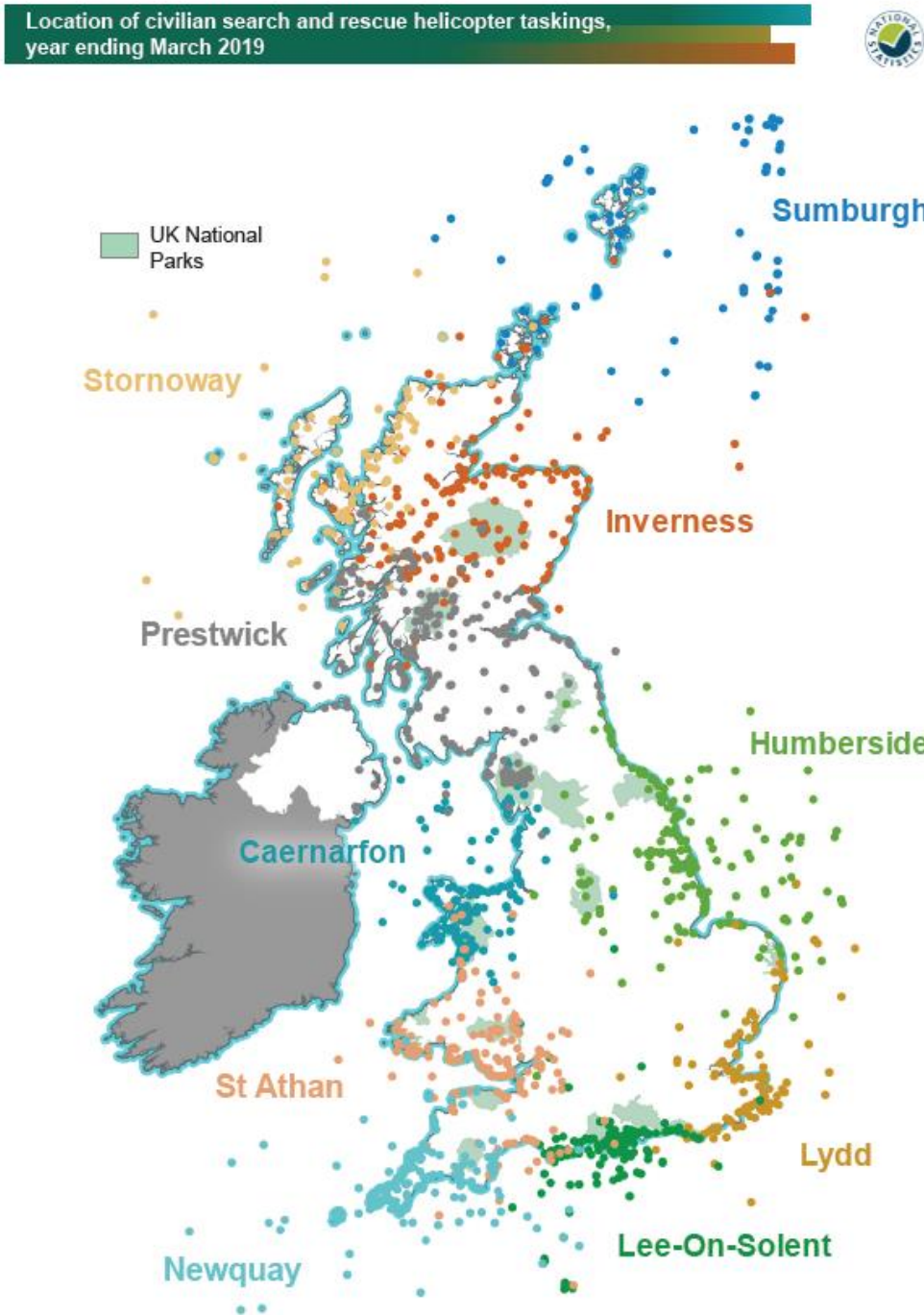
The recruitment of surveyors continues with 33 new recruits joining the MCA in the year. Recruitment campaigns will continue throughout 2019-20 as the potential for retirements, due to the age demographic of the surveyor workforce, comes to the fore.



We continue to embed new, consistent ways of working through the introduction of Marine Office protocols and a comprehensive programme of staff development events. A successful trial, digitising Marine Office ship files, has taken place and a project is now underway to roll this out across the Marine Office network to support weekend and remote working.

Significant progress has been made to develop a fit for purpose eCertification system which will be rolled out towards the end of 2019. Next steps include the development of enhanced digital solutions for customers including online oral exam booking as well as a company portal for ship owners/ operators.

Location of civilian search and rescue helicopter taskings, year ending March 2019



Source: Search and Rescue Helicopter Statistics, Department for Transport.

Overall trends

Overall helicopter taskings in 2018-19 were 3,761. An increase of an additional 1,125 taskings on the previous year and spread across all ten operational bases. Of these ten bases Newquay and Prestwick had the most taskings, responding to 344 and 320 taskings respectively, although these figures are slightly down for these bases compared to 2017-18.

During the last quarter of the year (January to March 2019) there were 449 taskings, down 152 taskings compared to the same quarter in the previous year. This downturn in the number of taskings may be as result of a more clement winter, which led to a decrease in helicopter call outs across all bases.

During 2018-19 the month of August continued to show a reduction in the number of taskings year on year since all bases became operational. However, the main pattern in taskings for the 2018-19 year continues to be generally in line with 2017-18.

Notable incidents

On the morning of the 10 March 2019, a fisherman who went overboard off the coast of Salcombe in very rough 3-4m seas and 9 degrees sea temperature for an hour was rescued by the Coastguard helicopter from Newquay. HM Coastguard coordinated the large scale search and rescue mission for the missing fisherman having received a Mayday broadcast from the fishing vessel. The rescue helicopter based at Newquay made their way to the scene, alongside Salcombe and Torbay RNLI All Weather Lifeboats. A French Navy aircraft, who had been training in the area, and a number of fishing vessels responded to the Mayday Relay broadcast and joined the search. The fisherman was located by his own crewmates and the Newquay Coastguard helicopter lowered the winchman into the water in very rough conditions and conducted a double winch recovery which only took about two minutes. The fisherman was flown directly to Plymouth Hospital. The fisherman had been wearing a lifejacket, which no doubt aided his survival and enabled his crewmates to find him quickly.

On the 13 September 2018, a missing ill-equipped walker was rescued from Ben Nevis after a HM Coastguard Inverness helicopter crew found him 2km from his reported position. The helicopter was sent to search for the man alongside Lochaber Mountain Rescue Team in a hazardous combination of driving rain, mist and strong winds. The helicopter was repositioning back to the search area, the man was spotted by the helicopter Winch Operator on a steep ledge in the notorious Five Finger Gully. In turbulence and poor visibility, the crew of the Inverness Coastguard helicopter had to reverse the helicopter into the gully to achieve the rescue. The casualty was perched on a ledge with a sheer drop below and was still attempting to shuffle down the gully. He was uninjured and removed to safety. The successful rescue also marked the 1,001st job for the HM Coastguard Inverness crews.

On 10 May 2018, the HM Coastguard Sumburgh helicopter rescued a teenager who, along with a friend, tried to scale a 130ft cliff in Fethaland in Shetland. Two teenagers had been walking at the top of the cliffs before scaling down them, only one teenager managed to climb back up. By the time HM Coastguard were called, the teenager had been stuck for two hours in the dark with incoming tide. Lerwick and Hillswick Coastguard Rescue Team, Aith Lifeboat and the HM Coastguard search and rescue helicopter from Sumburgh were sent to the scene. The helicopter arrived on scene first and started to winch down the Winchman but due to bad turbulence and the close proximity of the cliff face they had to stop the operation and wait for the arrival of the Coastguard Rescue Teams. Once the Coastguard Rescue Teams had arrived, the Coastguard helicopter and the Aith Lifeboat used their high-intensity search lights to illuminate the cliff face so that rope technicians could set up their equipment in a rescue that was to last around four hours. Once the casualty was recovered to the top, the Coastguard helicopter winched him and the Winchman on board and transported him to a waiting ambulance at Tingwall Airport. Despite being

mildly hypothermic due to exposure to the wind and rain, the teenager was otherwise uninjured.

The Coastguard helicopter service has also been involved in a number of 'unusual' rescues this year, including:

On 14 May 2018, the paramedic winchman and crew from the search and rescue helicopter base at Newquay, were called to an incident onboard a fishing vessel. A Porbeagle shark, having been caught in a fishing net, had been unintentionally bundled onto the vessel and it was whilst attempting to release the shark, that a member of the crew was bitten on the leg.

The Newquay Coastguard helicopter turned into an airborne maternity unit on 19 August 2018 when a baby boy was born whilst the helicopter was in flight, 1400ft over Penzance, Cornwall. HM Coastguard's Aeronautical Rescue Coordination Centre was called by South West Ambulance Service to request assistance with a woman who had gone into labour whilst visiting the Isles of Scilly. Since there was not a midwife on the islands on Saturday the pregnant mother and father needed to be evacuated from the islands to a hospital on the mainland. The Newquay Coastguard helicopter was scrambled, collected a midwife and the parents and then began the trip to the Royal Cornwall Hospital at Trerule, near Truro. However, the baby boy was born on the aircraft.

Delivering against our 2018-19 Business Plan

The Key Performance Indicators (KPIs) are directly linked to the MCA's strategic targets set out in the Business Plan 2018-19 and provide management with accurate and relevant information from which to make informed and appropriate decisions. The KPIs are reported monthly through the internal Boards (MCA Board, Executive Committee/Executive Team and Senior Executive Group) who have management oversight of the KPIs where risks and mitigation are identified.

Performance against the targets is set out below:



Changing our Agency

Measure

Result

<p>Survey and Inspection Transformation (S&IT) Programme: We will successfully implement the following milestones contributing to the UKSR Growth Agenda:</p> <p>We will deliver the S&IT programme's estate transformation in line with Government estate objectives by closing of Marine Offices at Harwich and Orpington by:</p>	<p>31 October 2018</p>	<p>This KPI has been met.</p> <p>Harwich Marine Office closed May 12th when the new facility at Colchester opened. Orpington lease break notice was served and the site was formally closed mid-September, to allow for dilapidations to be carried out. The Estate was handed back at the end of October 2018.</p>
<p>We will deliver the tools to measure customer feedback and create a baseline for measuring customer satisfaction by:</p>	<p>31 March 2019</p>	<p>This KPI has been met.</p> <p>Work continues on developing measures to attract customer feedback, the on-line survey has commenced.</p>
<p>Phase 2 of the S&IT Programme recruitment process will be completed by:</p>	<p>31 March 2019</p>	<p>This KPI has been met.</p> <p>Phase 2 of the S&IT recruitment has been completed.</p>

<p>To meet the European Directive requirement for Port State Control, designed to check the safety of foreign flagged ships in UK ports. We will inspect sufficient ships arriving in UK waters to meet our inspection share target of 1590, inspect at least 95% of all Priority I high risk ship arrivals, inspect 90% of all Priority I non-high risk ship arrivals and at least 70% of all Priority I arrivals calling at UK ports & anchorages by:</p>	<p>31 December 2018</p>	<p>This KPI has not been met.</p> <p>The number of all inspections carried out by year end was 131 inspections short of the Fair Share Commitment.</p>
<p>To demonstrate that we are fulfilling our statutory obligations under the STCW Convention and improve customer service to seafarers we will undertake 4750 STCW oral exams. We will ensure that for 95% of oral exam candidates we will offer an exam at an MCA venue within 21 days from request by:</p>	<p>31 March 2019</p>	<p>This KPI has been met.</p> <p>We met our targets for the number of STCW oral exams and we offered a date for an exam within 21 days in 98% of cases.</p>
<p>In order to ensure the safety of the travelling public and those working on UK Fishing Vessels we will undertake 230 domestic passenger ship inspections and 1083 fishing vessel inspections by:</p>	<p>31 March 2019</p>	<p>This KPI has been met.</p> <p>We undertook 248 domestic passenger ship inspections, and 1536 fishing vessel inspections.</p>
<p>In collaboration with industry, in particular the Fishing Industry Safety Group (FISG), the MCA will work towards delivering the objective of eliminating all preventable fatalities to fishermen by 2027, and establish a downward trend in the number of fishing vessels accidents by:</p>	<p>31 December 2020</p>	<p>This KPI is a longer-term measure and the outcome will be reported in future years Annual Report and Accounts.</p>
<p>MCA Digital Strategy</p> <p>A new online ship registration system (WAVES) will be introduced by</p>	<p>30 June 2018</p>	<p>This KPI has not been met.</p> <p>Our ambitions to provide more services digitally have not moved as quickly as we hoped. Our approach has now been overhauled with a particular focus on improving our customer facing services.</p>

Following a series of incremental releases throughout the year, services for seafarer training and certification (SRS) and approved doctor's services (ADIS) will be available to customers by December 2018, with final system improvements complete by March 2019	31 December 2018	This KPI has not been met. Our ambitions to provide more services digitally have not moved as quickly as we hoped. Our approach has now been overhauled with a particular focus on improving our customer facing services
The mission-critical Radio Network Infrastructure Replacement contract will be let by:	28 February 2019	This KPI has not been met. With additional governance and assurance activities required from a range of stakeholder delays occurred in the procurement process. The contract award will take place in 2019.



Our Services

Measure

Result

<p>Search and Rescue</p> <p>Our Maritime and Aeronautical Controllers will review all missions in the distress and alert phase, assess their response, provide guidance where it is needed, and make sure that a mission coordinator is assigned to all distress and alert incidents within 30 minutes of the start of the incident in line with the relevant standard operating procedure in:</p>	90% of all cases	This KPI has been met. The MCA reviewed and took action within 30 minutes in 91.3% of incidents.
We will review 10% of incidents to which the national SAR network has responded to assess our compliance with Mission Conduct protocols and the effectiveness of outcomes. We will also seek feedback from stakeholders and learn any appropriate lessons for future operations in:	10% of incidents	This KPI has been met. The MCA reviewed 11.20% of incidents in the national network. Lessons have been captured and learnt throughout the year using our Informal Mission Review (IMR) and Post Mission Learning Report (PMLR) processes, including stakeholder feedback.
The technical availability of the national SAR network will be at least:	98% of the time	This KPI has been met. Availability for the year was 98%.

SAR Helicopters will be available to launch from each base location for at least:	98% of the time	This KPI has been met. Availability for the year was 99.15%.
Aviation Post Implementation Review of SAR(H). We will review the outputs of SAR(H) to inform the successor programme by:	31 December 2018	This KPI has been met. The final report was delivered on 21 December 2018.
Pan-Government Aerial Surveillance. We will let a five-year pan-Government aerial surveillance contract by:	31 December 2018	This KPI has been met. The Aerial Surveillance contract has been signed and we are now in the transition and delivery phase.
Specialist aviation development. We will introduce new Boeing 737 aircraft to provide counter pollution spray services by:	31 May 2018	This KPI has not been met. Planned trials were delayed by bad weather but took place in early May, analysis of these preliminary outcomes resulted in partial acceptance being achieved.
UK Ship Register Focus UK Ship Register (UKSR) marketing on quality owners and vessels so that the average age of 90% of the internationally trading UK Flag ships greater than 500 gross tonnage is:	10 years or less	This KPI has been met. The average age is 10 years.

We will use our professional knowledge and expertise to implement to recommendations of the Maritime Growth Study to promote the UK Ship Register brand, deliver enhanced customer service and significantly grow the fleet towards 30m gross tonnage by:	2023	This KPI will not be met. The gross tonnage for the UK Ship Register has fallen to 10.8m gross tonnage
In order to achieve the increase of 30m gross tonnage, we would expect to see a growth of 1.9m gross tonnage by:	31 March 2019	This KPI has not been met. The gross tonnage fell by 5.6m.
Maintain UK Flag State performance in the Paris Memorandum of Understanding (MOU) White list	Remain in the upper quartile of the White List	This KPI has been met. The UK is 5 th out of 40 on the Paris MOU White List.
Pollution Incident Response Counter Pollution and Salvage Officer engaged in incident response within 10 minutes of activation and, where appropriate, other specialist counter pollution support personnel engage within 30 minutes of incident activation in at least:	95% of cases	This KPI has been met. Counter Pollution and Salvage Officer engaged in incident response within 10 minutes in 99.5% of cases.



Meeting our customer needs

Measure

Result

Customer satisfaction Encourage the completion of online satisfaction surveys on the Registry of Shipping and Seafarers and Seafarer Certification Services with a positive response rate (the total number of responses indicating agree and strongly agree to the overall satisfaction question) of	85% and above	This KPI has been met. The MCA Customer Charter commitment to service improvement is measured by annual customer satisfaction surveys. In 2018-19 the MCA received a response rate of 86.7%.
Parliamentary Questions Provide a response within due date (in 24 hours)	100% of cases	This KPI has been met. 72/72 (100%).
Freedom of information	93% of cases	This KPI has been met.

Provide response within 20 working days in		149/152 (98%).
Member of Parliament correspondence Provide a response within 8 working days in	100% of cases	This KPI has been met. 58/58 (100%).
Official correspondence Provide a response within 20 working days in	80% of cases	This KPI has been met. 33/33 (100%).
Prompt Payment Payment of invoices within 5 working days in	80% of cases	This KPI has been met. 91.84% of invoices were paid within 5 working days.



Financial responsibilities

Measure

Result

Agency Finance MCA will deliver within the budgets as published in the Main Estimate and Supplementary Estimate. MCA Finance will also deliver any other targets set by Department.	Meet set targets	This target has been met. The MCA budget was revised through Supplementary Estimate and was underspent at the end of the year.
Sustainable Development The MCA will meet or exceed all targets as set out in the Policy Paper "Greening Government Commitments (GGC)" by:	2020	This KPI is a long term measure and the results will be published in next year's Annual Report and Accounts.
By 2020 the MCA will have reduced greenhouse gas emissions against its 2010 baseline by:	32%	This KPI is a long term measure and the results will be published in next year's Annual Report and Accounts.
By 2020 the MCA will have reduced the number of domestic business flights against its 2010 baseline by:	30%	This KPI is a long term measure and the results will be published in next year's Annual Report and Accounts.

<p>Moving our culture forward</p> <p>Workforce Ensure average number of working days lost to sickness absence does not exceed.</p>	<p>7 days per FTE</p>	<p>This KPI has been met.</p> <p>In 2018-19 there was an average of 6.91 days lost due to sickness per FTE.</p>
<p>Investors in People (IIP) We will secure accreditation to the more-demanding Silver Award level of the IIP standard based on our reassessment scheduled for October 2018</p>	<p>31 December 2018</p>	<p>This KPI has been met.</p> <p>Reassessment was concluded in September 2018, and Silver Status was confirmed.</p>
<p>The MCA will increase its overall engagement score as measured in the annual Civil Service People Survey to at least 68%, further cementing its position as a high performing organisation, by:</p>	<p>31 December 2020</p>	<p>2018 People Survey engagement indicator remains at 65%.</p>
<p>All staff will have attended a Respect Workshop to encourage improved behaviours and increase awareness of the values enshrined in the Civil Service Code by:</p>	<p>31 October 2019</p>	<p>More than 450 people attended in 2018-19 and we remain on target to achieve this KPI.</p>
<p>The level of bullying and harassment reported in the Civil Service People Survey will be no higher than that recorded for the Civil Service as a whole, and there will be increased levels in confidence that action has been taken by:</p>	<p>31 December 2020</p>	<p>Bullying statistics are down from 17% to 15% and moving closer to the Civil Service Target of 10%.</p>
<p>Apprenticeships The MCA will achieve the wider Government target of 2.3% of its workforce being made up of apprentices by:</p>	<p>31 March 2019</p>	<p>This KPI has been met.</p> <p>The MCA had 22 apprentices in England 2.74%.</p>

<p>Declaration Rates The declaration rate for all protected characteristics for the Agency's workforce will be at least 80% by:</p>	<p>31 March 2019</p>	<p>This KPI has not been met.</p> <p>Disability - 71.25% Declaration Rate Ethnicity - 87.58% Declaration Rate Sexual Orientation - 86.78% Declaration Rate Religion - 80.39% Declaration Rate</p>
<p>Female Recruits By 31st March 2020 the Agency will have increased the number of women in more senior roles (SEO-SCS) by at least 10% above current numbers by implementing a range of initiatives and interventions. This will work towards reducing the Agency's gender pay-gap.</p>	<p>31st March 2020</p>	<p>This KPI has been met for the year and remains on track for 2020.</p> <p>The MCA have increased their females in SEO and above roles by 11.90% since April 2018.</p>
<p>Management & Leadership Development 80% of all People Managers/Leaders will have completed or will be participating in management & leadership development by:</p>	<p>31 March 2019</p>	<p>This KPI has not been met.</p> <p>62% of current Line Managers received some form of Management and Leadership Development.</p>
<p>BAME Representation With a particular emphasis on HM Coastguard roles, move towards black and minority ethnic representation rates that reflect the proportion of BAME individuals in the local working-age population in each of our major locations by:</p>	<p>31 March 2021</p>	<p>The major locations have been identified as Aberdeen, Cardiff, Fareham (NMOC), and Southampton (including Marine Office).</p>

Financial Performance Analysis

The MCA is net funded through the Department of Transport supply estimate broken down by resource and capital expenditure 2018-19 amounting to £360.9million (2017-18: £354.6million).

In 2018-19 the Agency had total net assets of £66.7million, comprising total assets of £112.3million and total liabilities of £45.6million. Our non-current assets include Property, plant and equipment and Intangible assets £97.7 million.

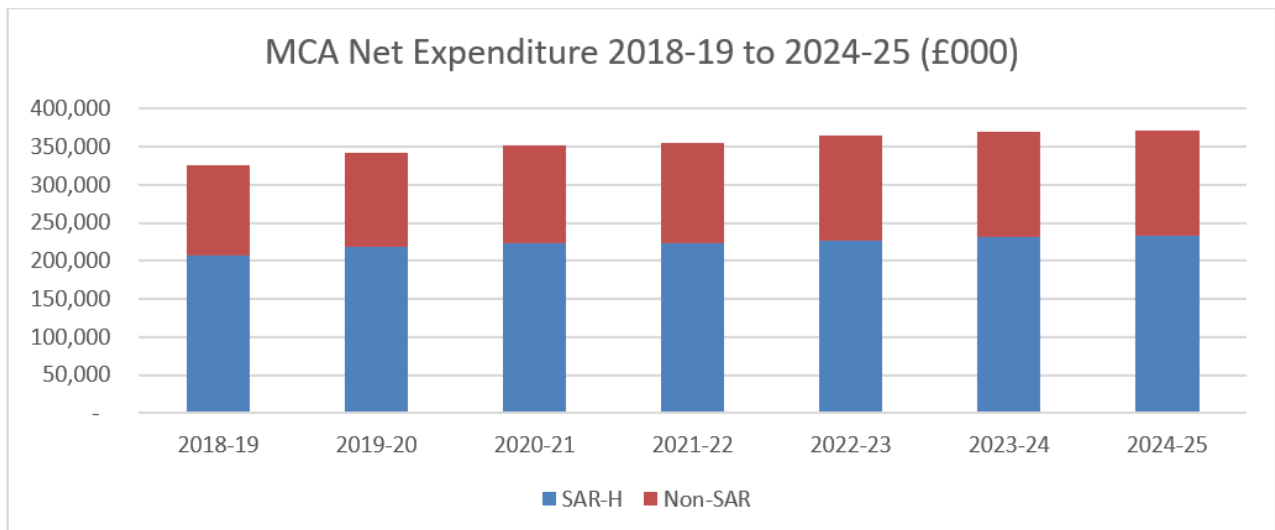
In year our capital expenditure was £10.9million (2017-18 £19.1million) and was mostly spent on improving the Agency's IT hardware and software.

Net operating expenditure has risen by £14.6million to £357.4million (2017-18: £342.8million). The main elements of the increase were net revaluation losses of £4.9million from the five yearly professional property revaluation, increased funding of Seafarer Maritime Training (SMarT) of £2.8million and increased provision of UK Search and Rescue Helicopter services of £2.4million.

Total income has increased by £0.6million to £14.9million (2017-18: £14.3million) reflecting higher revenue from contracts with customers mainly due to a rise in marine surveys income.

MCA Long Term Expenditure Trends

MCA net expenditure has increased significantly in recent years since April 2015 when the MCA began to provide all UK SAR Helicopter services under new SAR contracts. From 2018-19 these services were all be provided throughout the year for the first time and future increases will be much less significant. The table below shows expected expenditure trends but does not include the costs of replacing the Agency's radio network infrastructure as the project is in the final negotiation stages prior to awarding the contract.



Safer Lives – preventing loss of life

Around 17 million people took part in water sports events on the sea or at the coast in the UK in 2018¹. Our prevention work aims to reduce the risk of incidents and promote a safety culture in commercial and recreational activities.

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 their enforcement. This includes international negotiations, primarily through the International Maritime Organization (IMO) and the European Union (EU), but also at the International Labour Organization (ILO).

Vessels on the UK Ship Register undergo in-depth surveys which cover ship construction, equipment and on-board operations. We enforce international safety requirements on foreign flagged vessels through the Paris MoU Port State Control arrangements. We also conduct checks on the safety of fishing vessels and the domestic fleet of small passenger ships.

We ensure seafarers have the right skills, are medically fit, and hold valid certificates to serve on UK-registered ships. In 2014, we worked with the ILO to develop the Maritime Labour Convention, the fourth pillar of international maritime law, setting out minimum requirements for seafarers to work on a ship.

Drowning Prevention

On average, 400 people drown in the UK each year², with a further 200 people committing suicide in our waters³. In 2016, the Agency (along with our partner organisations) launched the National Water Safety Forum (NWSF) Drowning Prevention Strategy. This strategy aims to reduce accidental drowning fatalities in the UK by 50% by 2026 and reduce the risk amongst the highest risk populations, groups and communities. Since 2016 there has been a downward trajectory in accidental drownings nationally, but there has been a marked increase in the number of suicides. The Agency will be providing more resource to focus on suicide prevention to provide a consistent national approach, using local solutions. We help deliver the aims of this strategy using an evidence-based approach, continuing to provide data for the National Water Incident Database (WAID). Further information and reports can be found here: www.nationalwatersafety.org.uk.

We play an active part in drowning prevention creating our own drowning prevention strategy to support the national picture. We are working on a joint Community Safety programme trial with the RNLI, bringing together our volunteers in local communities to share resources, provide consistent safety messages and raise awareness of the roles of our organisations. We aim to role this out on a national basis.

Our statistics for 2018 show most of all accidental drowning fatalities occurred when people were angling, spending leisure time at the beach, walking or swimming outdoors. The Arkenford Watersports Participation survey shows that these activities are most accessible to the public, need no formal training, require minimal equipment and therefore have a much higher participation rate. The remainder of the fatalities were linked to specific water activities (ranging from sailing, motor boating to sub aqua diving), indicating that we are seeing a higher proportion of general day-to-day activities resulting in fatalities, as opposed to specific water related events.

¹ Arkenford Watersports Participation Survey, 2018

² These 400 fatalities are non-commercial incidents.

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

Ten years of evidence continues to inform us that alcohol has been a causal factor in fatal incidents. Our evidence⁴ shows that over the last three years of all accidental fatalities where alcohol was a contributing factor 84% are men who ended up in the water intentionally or unintentionally.

The annual casualty review panel (in which a panel of experts review incidents to determine whether wearing a lifejacket would have saved a life), informs us that in the last ten years 167 lives could potentially have been saved.

Our public and media presence

The Agency continues to be featured in a wide range of external media stories which are picked up locally, nationally and internationally.

Our social media profile continues to grow – our audiences on Facebook and Twitter have climbed to just over 63,000 and 52,500 followers each respectively. On LinkedIn we have well over 24,000 followers from the maritime sector. At least 96 of our tweets have been ranked in the Top Ten ‘GreatUKGovTweets’ during the year with 11 tweets achieving #1 Top Tweet of all the Government accounts. Our rescue footage is regularly picked up by US, Australian, Indian and Chinese news stations.

The MCA and HM Coastguard continue to feature in a wide range of television programmes, raising our profile and spreading the vital safety message of who to contact in a coastal emergency. This reporting year we have featured and provided spokespeople for countless news programmes including BBC, SKY, ITV and C4. We have also featured on BBC programmes Island Medics, Close Calls: on Camera, Celebrity Masterchef, BBC Earth ‘The World’s Deadliest Weather’, feature movie ‘Fisherman’s Friends’, ITV programmes Vera, Coast and Country, Unbelievable Moments Caught on Camera, Mountain Rescue, Good Morning Britain, Channel 4 programmes Britain’s Wildest Weather, Emergency Helicopter Medics and UKTV’s ‘999 Rescue Squad’.

One of the MCA’s biggest highlights this year was the rescue of Brixham fisherman Reegan Green, who was wearing his lifejacket which kept him alive in icy waters for over an hour in storm force 9 sea conditions. With Reegan and his fishing crew’s assistance, the MCA maximised on the media exposure creating social media posts and blogs to tell the story of how wearing a lifejacket can save lives. The coverage influenced the hearts and minds of the fishing communities across the UK and as a direct result we were informed that an order for 40 lifejackets with man overboard PLBs for 3 trawlers in Scotland was placed and a number of enquiries have since been made to the MCA by fishermen asking what lifejackets they should be purchasing.

⁴ MCA fatality data.

Setting international shipping standards

In January 2016, the International Maritime Organization (IMO) Instrument Implementation (III) Code became mandatory for IMO Member States. As the Member State for all ships flying the Red Ensign, the Agency, on behalf of the UK Government, ensures oversight and governance as well as bearing ultimate responsibility for any breaches under international law.

Our aim is to enhance co-operation between government departments in the UK, overseas territories and crown dependencies to develop a better understanding of the III Code and the consequences of failure to comply, encouraging a collaborative approach to demonstrate compliance. Alongside our Red Ensign Group (REG) partners, we will develop a strategy to achieve full compliance as a flag, port and coastal state with the requirements of international Maritime Conventions and to prepare the UK Flag State for audit against the III Code standard.

These conventions are as follows:

- Safety of Life at Sea (SOLAS);
- Prevention of Pollution of Ships (MARPOL);
- Standards of Training, Certification and Watchkeeping for seafarers (STCW);
- Load Lines;
- Tonnage measurement of ships (Tonnage); and
- Regulations for preventing collisions at sea (COLREGS).

Under the Government's Conflict Stability and Security Fund Programme, the Agency is providing additional support to the REG Overseas Territories to build stronger sustainable capability and reduce contingent liability in the event of a maritime incident. Working with our overseas colleagues we have completed coastal state gap analyses and search and rescue capability reviews to identify where further collaboration and training can be of benefit. Support is also being given to the Attorneys General to review and update their versions of the national maritime legislative frameworks, and direct to the Maritime Administrations through training of local surveyors.

Safety of lives at sea

The Agency continued development of non-regulatory measures to help improve maritime safety and seafarer health and wellbeing. Our work with stakeholders to develop educational material and practical guidance continued with the publication of "Behaving Safely – a practical guide for risky work". This was based on the earlier "Being Human in safety critical organisations" and is aimed at individual seafarers by providing practical guidance and tips for improving their own safety and that of their teams.

The initial review of the Human Element, Leadership and Management syllabus was completed and work to develop this will be carried out in 2019-20. Working with a wide range of industry stakeholders, the intention is to create a syllabus and training programme that remains best in class to serve the modern maritime industry.

At the IMO, we participated in completion of the revision of the IMO guidelines on fatigue and the revised SOLAS regulation and supporting guideline on design of safe mooring arrangements. We also contributed to the EU technical review of requirements for medical treatment on board vessels, which is expected to result in a revised Directive in 2019-20.

In 2018, our network of MCA approved doctors conducted approximately 51,290 medical examinations to check that seafarers were fit to work at sea. The new supplementary colour vision test for seafarers in the deck department, replacing the Holmes Wright B lantern test with a Colour Assessment and Diagnosis (CAD) test was introduced at the start of 2018.

We implemented the International Labour Organization's Work in Fishing Convention (No. 188), and the UK ratified this in January 2019. This introduced a requirement for Fishermen to undertake a medical examination for the first time. We developed Grandfather Rights which will help fishermen, who although they have a medical condition can demonstrate that have been working and can continue to work safely at sea, to be issued with a medical certificate, potential restricted to their current role or vessel. We have attended a number of industry meetings to promote the new requirements for medical certificates, work agreements and extension of health and safety legislation to self-employed share fishermen.

Search and Rescue coordination

We provide a round-the-clock emergency response SAR coordination service for the UK coast and surrounding waters out to the mid-Atlantic. During 2018 our Coastguard SR coordination network responded to over 24,000 incidents, dealing with distress and 999 calls, tasking lifeboats, helicopters, other ships in the vicinity, other emergency authorities and volunteer coastguard rescue teams. Our Aeronautical Rescue Coordination Centre responded to nearly 2,600 incidents, rescuing over 1,700 people.

Coastguard Rescue Service

Our Coastguard Rescue Service comprises on average 3,500 volunteers in 340 teams dispersed around the coast of the UK. They give their time to respond to emergencies and spread safety messages in their local communities. They are trained in the specialist skills of search, flood, mud and cliff rescue. The volunteers are led and managed by 105 employed operational staff.

We remain committed to supporting the UK wide Coastal local resilience forums (LRFs), who's aims are to plan and prepare for localised incidents and catastrophic emergencies, and we contribute to the mitigation of local risks.

Search and Rescue Helicopter (SAR – H) Service

For the UK Search and Rescue Helicopter service (UKSARH) 2018-19 has again been another successful operating year across all its ten bases. The new British-built Leonardo AW189 helicopters have continued to be rolled out to include our St Athan and Lydd bases, with Inverness taking delivery in May 2019.

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 exports⁵. A safe environment for ships and professional seafarers supports growth by facilitating healthy trade and a vibrant shipping sector. The Agency works closely with the maritime industry to enhance standards of safety in all aspects of maritime activity.

Setting standards

By setting standards and producing guidance, we create a level playing field for the UK maritime sector and influence ships operating in UK waters and seafarers on UK ships to follow best practices.

We work in partnership with colleagues across Government and key stakeholders to negotiate international maritime policies, regulations and technical standards, principally at the IMO, the ILO and the European Union.

The following Regulations have been introduced this year:

- The Merchant Shipping and Fishing Vessels (Health and Safety at Work) (Miscellaneous Amendments) (EU Exit) Regulations 2018 No. 1202
- The Merchant Shipping (Fees) Regulations 2018 No 1104
- The Merchant Shipping (Maritime Labour Convention) (Miscellaneous Amendments) Regulations 2018 No. 242
- The Merchant Shipping (Work in Fishing Convention) Regulations 2018 No. 1106
- The Merchant Shipping (Work in Fishing Convention) (Survey and Certification) Regulations 2018 No. 1107
- The Merchant Shipping (Work in Fishing Convention) (Medical Certification) Regulations 2018 No. 1108
- The Merchant Shipping (Work in Fishing Convention) (Consequential Provisions) Regulations 2018 No. 1109
- The Merchant Shipping (Maritime Labour Convention) (Compulsory Financial Security) (Amendment) Regulations 2018 No. 667
- The Merchant Shipping (Technical Requirements for Inland Waterway Vessels) (Amendment) Regulations 2019 No. 160
- The Merchant Shipping (Maritime Labour Convention) (Extension of Maritime Labour Certificate) (Amendment) Regulations 2019 No. 716
- The Merchant Shipping (Marine Equipment) (Amendment etc.) (EU Exit) Regulations 2019 No. 470
- The Merchant Shipping (Recognised Organisations) (Amendment) (EU Exit) Regulations 2019 No. 270

⁵ Focus on Ports 2006 (DfT)

We have commenced a series of projects using ambulatory reference that aims to provide a more streamlined and responsive introduction of future changes to international maritime conventions and there are currently several projects that will introduce ambulatory reference at various stages of transposition. The following Regulations that make use of ambulatory reference have been introduced this year:

- The Merchant Shipping (Prevention of Pollution from Noxious Liquid Substances in Bulk) Regulations 2018 No. 68
- The Merchant Shipping (Prevention of Oil Pollution) Regulations 2019 No. 42

Additionally, in order to facilitate innovation as well as support a thriving maritime sector, we collaborated with industry and have published three Codes of Practice this year:

- The Workboat Code – The safety of small Workboats and Pilot Boats. This code is applied as an equivalent standard to full compliance with Merchant Shipping Regulations and has been developed, with industry, in order to make it easier to apply and understand those numerous regulations.
- The Code of Practice for Intended Pleasure Vessels in Temporary Commercial Use at Sea
- Code of Practice for the Construction of Chain and Wire Ferries

We published over 150 documents providing the UK maritime sector with additional guidance on safety and general information.

Monitoring and enforcing standards

By vigorously monitoring compliance with UK policies, regulations, technical standards and International requirements, we are able to provide an assurance of safety, protection of the environment and the health and welfare of seafarers, taking appropriate and proportionate enforcement action when required.

We undertook 3,080 surveys and 2,881 inspections of UK ships during the 2018-19 Financial Year. In the same period, we also carried out 1,481 Port State Control inspections on 1,437 individual ships to ensure they were meeting the required standards during which we identified 3,450 deficiencies with 40 ships being detained in the period.

We carried out 98 inspections of 56 roll on roll off passenger ferries and passenger high speed craft operating between the UK and Europe and found 209 deficiencies requiring corrective action.

In the course of our activities we also completed 1,018 inspections for specific compliance with MARPOL Air Pollution requirements. In conjunction with these inspections our fuel sampling and testing contractor tested 296 samples of which 36 (12.16%) were found to be non-compliant and followed up with the owner and flag.

We authorise six Recognised Organisations (ROs), which are members of the International Association of Classification Societies (IACS), to carry out a proportion of our statutory survey work. For smaller vessels that operate under the UK Codes of Practice, we have authorised 10 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 includes regular meetings and audits of their offices and surveyors.

Where inspections or general maritime intelligence reveal significant breaches of maritime legislation, we may undertake stronger enforcement action. Last year, we investigated 79 new cases and conducted 10 prosecutions.

UK Ship Register

Flag State oversight offers an effective method of implementing safety standards for ships and seafarers. The UK Ship Register has a reputation for maintaining high international standards, with an efficient ship registration service, dedicated Customer Account and Technical Managers providing excellent levels of service, ensuring the UK remains at the forefront of global shipping.

During 2018-19, there were 71 new ship registrations (860k Gross Tonnage (GT)) and at the end of March 2019 the UK Ship Register stood at 10.8m GT with 1,238 vessels. The total tonnage on the Register decreased by 33%, which was largely as a result of several customers moving to other EU flags to meet their commercial obligations. The UK Ship Register now stands eighteenth largest in the world and eighth in Europe behind Malta, Greece, Cyprus, Denmark, Norway, Italy and Madeira.

The UK remains in the upper quartile of both the Paris Memorandum of Understanding (MOU) and the Tokyo MoU White Lists of Quality Flag States.

We have also 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), each of which operate their own British ship register. Any vessel on these registers is a 'British ship' and is entitled to fly the British Merchant Shipping flag the 'Red Ensign' (or a version of it defaced with the appropriate national colour).

Together with the UK Ship Register, the Red Ensign Group has a combined size for the British flag of 51.1 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. 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 2018-19, we undertook monitoring visits of Montserrat, Anguilla and Gibraltar.

The 2018 REG Conference in its thirtieth year, was hosted by the Bailiwick of Guernsey and took forward some key elements of maritime policy and strategy, including:

- progress and strategy across the UK, OTs and CDs to ensure compliance with the IMO Instruments Implementation Code across the group ahead of the forthcoming IMO audit in 2020, including the support provided by the MCA's Conflict, Stability and Security Fund (CSSF) project referred to previously, and;
- creation of a dedicated REG STCW working group to ensure compliance on seafarer certification and standards across the REG.

We also hosted the REG Technical Forum which twice in 2018-19 alongside a number of separate working groups to develop technical policy and to improve consistency across all the REG Registers

Seafarers

The MCA supports 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.

Some 51,449 seafarers hold UK Certificates of Competency or Certificates of Equivalent Competency. In 2018-19 we issued over 5,200 Notices of Eligibility and 12,377 Certificates of Competency and Certificates of Equivalent Competency. We also issued around 555 Boat Master's Licences for commercial operations on inland waterways.

Navigation Safety

The Agency operates the Dover and Sunk Vessel Traffic Services. We recognise the other 24 Vessel Traffic Services in the UK and monitor standards in establishments delivering Vessel Traffic Standards training.

We provide maritime advice to other Government organisations (e.g. Department of Business, Energy & Industrial Strategy, the Marine Management Organisation, Marine Scotland and The Planning Inspectorate) on marine licensing activities, marine planning, marine protected areas and Offshore Renewable Energy Installations. We inform Government (e.g. DfT, BEIS) position and engage across industry on matters related to autonomous shipping and maritime cyber-security. We also inform Government (e.g. DfT, Ofcom) position on matters affecting maritime radio spectrum, both national and international.

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

- administer and deliver the UK Civil Hydrography Programme (CHP) and ensure that UK home waters are adequately surveyed for the safe update of navigational charts and publications. To augment this effort, the MCA collaborates with a number of delivery partners including other Government departments, non-Government Organisations and local councils to promote common standards and accelerate survey progress;
- administer and deliver the UK Marine Weather Service (MWS), ensuring that authoritative shipping forecasts are communicated to sea-users to aid in their decision making. To support this work, the MCA collaborates with a number of delivery partners such as the Met Office and the BBC to assure the integrity of our forecast delivery;
- develop and maintain standards, policy and guidance for the carriage and use of navigational and radio equipment on board ships, implement and monitor routing and reporting measures to assist safe navigation and improve the provision of information to the mariner by means of Maritime Safety Information and appropriate E-navigation implementation; and
- co-ordinate the UK's Long Range Identification and Tracking (LRIT) Data Centre.

We maintain the Consolidated European Reporting System (CERS) that manages the flow of reporting data from vessels arriving in the UK, transmitting it onwards to SafeSeaNet and providing valuable information to other government departments such as Border Force, and the Office of National Statistics.

Working in association with the UK Hydrographic Office (UKHO), the MCA funds and delivers the UK Civil Hydrography Programme, which delivers these SOLAS obligations to reduce the number of maritime incidents, the associated potential for loss of life, vessels, equipment and damage to the marine environment caused from polluting incidents at sea. The Civil Hydrography Programme deliverables are fully supported with metadata which states that the intellectual property rights (IPR) rests with the MCA. All Civil Hydrography Programme deliverables are freely available under the Open Government Licence and are crown copyright as these surveys are funded and commissioned by a Government agency. The Civil Hydrography Programme bathymetric data are made freely available from the INSPIRE portal hosted by the UKHO.

We have also conducted seven Port Marine Safety Code health-checks and have liaised with other government departments and industry to improve the application of the Code and Guide to Good Practice requirements and recommendations. We have also published a report to industry highlighting emerging trends in compliance from our health-check activity.

Cleaner Seas – protecting the environment

With over 17,000 kilometres of coast, the UK has one of the longest coastlines in Europe. The UK Exclusive Economic Zone (UK EEZ) encompasses a sea area of some 773,000 square kilometres within which a large and complex offshore oil and gas industry exists, alongside one of the world's busiest international shipping lanes. Whilst oil pollution is a major source of environmental damage, vessels transporting other hazardous and noxious substances (HNS) also present a pollution risk. Though the frequency and scale of actual marine pollution incidents continue to fall, the risks of and from marine pollution remain and require proactive management under a strategy to deliver prevention, preparedness and response.

Counter Pollution

The UK has obligations under two key international conventions concerned with protecting the marine environment from pollution - the 1973 International Convention for the Prevention of Pollution from Ships (MARPOL Convention) and the 1990 International Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC Convention).

After saving human life, the Maritime and Coastguard Agency's key purpose in responding to a maritime incident is to protect public health, the marine and terrestrial environment and UK's economic interests. In its role as the National Competent Authority and in co-operation with Government and non-Government stakeholders the Maritime and Coastguard Agency is responsible for the prevention of, preparedness for and response to marine pollution from shipping and offshore installations in the UK Exclusive Economic Zone.

As the National Competent Authority, the Agency has the lead responsibility for maintaining and implementing the UK's National Contingency Plan for Marine Pollution from Shipping and Offshore Installations. This explains the circumstances in which the Agency will deploy national resources, sets out a framework for dealing with major pollution incidents that threaten UK interests and covers all incidents in, or likely to affect, the UK EEZ. The Plan is a living document which is continually updated as both response structures and technology evolve; 2019 will see the five yearly review of the National Contingency Plan.

National and international liaison forms key part of the Branches remit and whilst we remain within the European Union we continue to work closely with the European Maritime Safety Agency. Perhaps more significantly, our membership of the Bonn Agreement will remain an important and enduring commitment no matter the outcomes of Brexit.

In January 2019 we commissioned a study to investigate a "*Review the risks presented by, and to, shipping within the United Kingdom Exclusive Economic Zone (UK EEZ) and to assess the availability and adequacy of emergency towage arrangements*". This study will conclude in late July 2019 and, in concert with other studies, will inform the design of the UK's future response capability.

Receiver of Wreck

The Receiver of Wreck administers much of part IX of the Merchant Shipping Act 1995, as it relates to matters of wreck and salvage. All recovered wreck material must be reported to the Receiver of Wreck regardless of age, size or apparent value. During 2018, 356 reports of wreck material (droits) were received. There is no limit to the number of items that can be reported on each droit and these 356 reports amount to over 1 million individual items including silver coins ranging in date from the 1500s to the 1900s, cannon and cannonballs, ships' bells and aircraft parts, through to modern containers, lost deck cargoes of timber, yachts and fishing boats.

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

The role of the SOSREP is to represent the Secretaries of State for Transport (in relation to ships) and Business, Energy and Industrial Strategy (in relation to offshore installations) by removing or reducing the risk to safety and the environment arising from accidents involving ships, fixed or floating platforms or sub-sea infrastructure. The intervention powers available to the SOSREP extend to UK territorial waters (12 nautical miles from the coast/baseline) for safety issues and to the UK Exclusive Economic Zone (200 nautical miles or the median line with a neighbouring state) for pollution related incidents. For pollution incidents from offshore installations the powers extend to the UK Continental Shelf (as defined by the Continental Shelf Act 1964). The SOSREP is empowered to make crucial and often time-critical decisions, without delay and without recourse to higher authority, where such decisions are in the overriding interest of the UK. The SOSREP has the ultimate and decisive voice for maritime salvage, offshore containment and intervention.

A new SOSREP was appointed in January 2019 on a three-year contract.

Our people

Our people are our greatest asset. The action plans we put in place after our 2017 Investors In People (IIP) assessment were implemented and saw us successfully achieve silver accreditation to the Silver standard in October 2018. We have continued our efforts to improve communications and address pockets of challenging behaviours. Initiatives included the introduction of Employee Engagement Groups to give our people a direct line to senior management, and the roll out of our in-house Respect Workshops. By the end of March, over 450 colleagues had experienced a workshop to increase their understanding of what good behaviours look like and so reduce the risks of real or perceived bullying and harassment. We introduced Respect Ambassadors to help tackle issues early and we have encouraged our people to speak up and raise any concerns about inappropriate or unacceptable behaviours. Our 2018 Annual People Survey showed a small reduction of reported bullying, down to 15% from 17% and closer to the Civil Service percentage.

The People Survey saw 86% of colleagues sharing their feelings and opinions, a 6% increase on the previous year. The overall engagement index remained static at 65% and we fully expect to meet our aspiration of seeing that rise to 68% by the time of the People Survey scheduled for October 2020.

Over 500 staff have undergone developmental training to help them understand their working style preferences and how to work best with colleagues with a different preferred working style. This "Everything DiSC" tool is proving popular with our people and works well with our Respect Workshops to promote the importance of self-awareness and personal impact on others.

We celebrate the excellent work that our staff do through blogs in our in-house electronic communication. We issue certificates to mark long service, we use our Recognising Positive Impact scheme, instant reward vouchers and Chief Executive's Awards to recognise outstanding work and exemplary behaviours. We also use the formal Honours process to nominate exceptional staff and volunteers for national awards.

The Agency has two 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. Drawing on the lessons from research by the Harvard Business School, we have reviewed our approach to advertising jobs to ensure that they are not gender biased, and we have used more pictures of women in technical roles to attract female applicants. We treat all staff fairly, with dignity and respect.

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

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

We train to develop our staff. Learning and development activity during 2018-19 included:

- continuation of a range of leadership and management development initiatives;
- continuing to meet the development needs of our emerging leadership talent through our MCA specific Growing Potential programmes;
- continuing to drive the uptake of apprenticeships across the MCA.

The Agency believes that it is to the mutual benefit of the MCA and our staff that employees are represented by Trade Unions. We have recognised both Prospect and the Public and Commercial Services Union (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, in particular through the Joint Negotiation and Consultation Committee (JNCC).

External Relations

The Agency's key relationships include those with:

- our safety partners (RNLI, RYA, Trinity House, NLB and other rescue and governing body organisations);
- maritime industry and seafarers;
- 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.
- Transport Scotland, with whom we signed a Memorandum of Understanding on 29 November 2016.

Health and Safety

Management Arrangements

The MCA continues to refine its health and safety policies, plans and arrangements to ensure that standards are actively managed across the Agency. The Senior Executive Group and the National Health and Safety Committee remain responsible for overseeing the MCA's safety management system and lead on safety improvements.

A monthly health and safety report is tabled and discussed at the Senior Executive Group, Coastal Senior Officers Group, Survey and Inspection National Management Group, Directorate Management Boards, Executive Committee/Executive Team and MCA Board meetings. In addition, Health and Safety deep dive presentations on targeted areas are held quarterly at Senior Executive Group's request. Health and safety is an agenda item at all management meetings.

The performance of the Agency's safety management system is measured via internal audits, analysis of accidents and near misses and the analysis of sickness absence. Significant changes in performance are reported to the Senior Executive Group, Executive Team, MCA Board and Directorate Management Boards.

The National Health and Safety Committee meets quarterly and is attended by trade union representatives and chaired by a member of Senior Executive Group. The volunteer Coastguard Rescue Service is also represented at this forum.

The Health & Safety team regularly attend the DfT Health and Safety Forum, working with Departmental colleagues to lead on new and common health and safety initiatives.

Occupational Health & Safety Initiatives

Senior Management, the Health and Safety Team and Human Resources, continue to strive for improvements in pressure and stress management. A Wellbeing Manager's post is now well established in HR and several steps have been taken to improve the health, safety and wellbeing of staff and volunteers both at work and outside of work.

Led by Heads of Branch, the following achievements are noteworthy for 2018-19:

- Refinement of stress management practices by the People Committee, HR and the H&S team including the formation of a Stress Working Group chaired by a senior manager and a deep dive into the 2018 People Survey results;
- Mental health and well-being presentations and workshops have been delivered throughout 2018 and 2019;
- Mental health buddy network in operation serving all MCA staff;

Update on improvements from last year's plans

The following improvements were successfully delivered in 2018-19:

- Refinement of HM Coastguard and Survey & Inspection risk assessments and safe operating practices;
- A review of key health and safety processes was included in 2018-19 internal audit plan, this yielded refinements in a number of internal policies and procedures, most notably fire safety arrangements;
- Development and refinement of detailed Building Custodian guidance by the Estates team;
- Review of health and safety standards at remote radio sites including improvements in governance and the attention to findings by contractors;
- Review and publication of a new first aid policy followed by verification of implementation through internal audit;
- Launch of 'My Health & Safety' page on the Agency's new corporate intranet;
- Accident reviews have led to improved safe systems of work in HM Coastguard, most notably around driving and trailer towing practices;
- 'Smarter Working' project team worked closely with the Health and Safety team to develop practical guidance for the increasing variety of working environments for staff;
- Improved governance around health and safety actions including the development of a Health and Safety Action Tracker, which is shared with and overseen by Senior Executive Group, Management Boards and the Executive Team.

Attendance Management

The Agency's sickness absence rate is reported monthly to Senior Executive Group, the People Committee, the Directorate Boards, Executive Committee/Executive Team and MCA Board meetings. In addition, the MCA's management information system allows managers at all levels to monitor and analyse the sickness absence in their areas of responsibility. Sickness absence is discussed at the regular Management Board meetings.

Training

The 'first 100 days' Induction training for new staff includes site specific introduction for health and safety arrangements, including general and fire safety, first aid and welfare arrangements. Mandatory training for all staff includes basic fire safety and Display Screen Equipment training and assessment. Where required, staff also undertake manual handling training. Line managers complete the new Civil Service Learning package Health & Safety Awareness for Managers and all staff complete Health & Safety Awareness for all Staff. All new coastal officers receive specific health and safety training, and new marine surveyors are provided with health and safety Awareness Training as part of their induction package.

Plans for the year ahead

Senior management are keen to build on this progress and develop a robust and enduring safety culture. Over the next year we will:

- Show visible, active commitment to improving health and safety through the Executive Team, Senior Executive Group and Management Boards;
- Accept responsibility for completing corrective actions and continuous improvement in a timely manner;
- Address known deficiencies and failures and follow through corrective actions;

- Prioritise actions according to risk and focus resources where needed;
- Consider health and safety implications in all business decisions;
- Ensure that Line Managers and supervisors are well trained, lead by example and actively manage safety in the operational arena;
- Develop a new Health & Safety strategy to cover the next 2 years;
- Review core Health & Safety policies, including risk assessment and accident/near miss reporting;
- Review the Health & Safety arrangements in the MCA, including the role of the National Health & Safety Committee;
- Review the means of measuring Health & Safety performance against the HSE's revised HSG65 – 'Managing for Health & Safety' and in consultation with the DfT H&S forum;
- Assess the longer term benefits of achieving the ISO45001:2018 Health & Safety Management standard;
- Explore and introduce digital systems for accident and near miss reporting with the aim of improving reporting processes and subsequent analysis;
- Promote Health & Safety training needs analysis by Directorates, e.g. for risk assessors, trained accident investigators, first aiders, fire wardens etc;
- Launch the new Cardinus e-learning package 'Healthy Options' which includes display screen equipment, remote working and manual handling training and risk assessment;
- Review Corporate driving policy and training in the Agency;
- Continue to include Health & Safety themes in the internal audit programme;
- Review the Health & Safety controls for managing contractors;
- Deliver bespoke Health & Safety training for Building Custodians;
- Connecting with National campaigns, further develop health and wellbeing initiatives including stress management and mental health workshops

Sustainable Development

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

Overview

The MCA is fully committed to supporting the Department in the achievement of the targets set within the Greening Government Commitments (GGC) Agenda. We have published a strategy that sets out how we plan to support the Department in meeting the specific GGC targets.

The Estates team, supported by senior management, continues to lead the Agency in identifying cost effective and efficient means to achieve our targets. The below table provides a high-level overview of the MCA's baseline, where we are now and what we must achieve by 31 March 2020 to fully meet GGC targets.

	Baseline Value	Target Value	Required Reduction	Current Level
Cut greenhouse gas emissions by at least 36% from a 2009-10 baseline.	5,711	3,883	1,828	5,074
Reduce the amount of waste going to landfill to less than 10%	0	9.99	0	0
Reduce government's paper use by at least 50% from a 2009 to 2010 baseline	7,167	3,583	3,584	6,176
Reduce overall water consumption by 9% against 2009-10 baseline, ensuring continuous improvement where this level has already been achieved. (entire estate)	5,160	4,696	464	5,040
Reduce the number of domestic business flights by at least 30% from the 2009 to 2010 baseline	2,240	1,568	672	2,454

Water

Our water conservation approach is twofold, comprising individual targets based on utilisation of the estate and more general practical measures aimed at reducing overall consumption.

Flights

In line with the GGC Framework the Agency has a specific target to reduce domestic flights against a 2009-10 baseline. Reducing the number of domestic flights taken represents a challenge for the Agency due to the operational nature of our business. The agreed approach to this will be a combination of challenging specific travel at a Directorate level, promoting developments in technology to enable regular use of alternatives to travel such as video, SKYPE and telephone conferencing, and the publication of revised travel guidance. Our current usage statistics provide an accurate baseline from which to make reductions: the previous baseline did not include all flights. Understanding our usage is informing the ways in which we will reduce our use of domestic flights. Our travel communication strategy and engagement plan aim to drive behavioural change and we are working to develop improved technology that will further reduce our travel requirement. The overall number of domestic flights during 2018-19 (2,454) has remained fairly consistent with the levels of flights taken during 2017-18 (2,451). This is a 10% reduction from 2016-17 as a result of improved technology and use of video conferencing and SKYPE calls.

The MCA Estate Reducing Energy Consumption and Waste

The MCA's estate comprises just under 500 sites around the UK, many in remote locations. These sites are key to the operational delivery of the organisation.

The diverse nature of the MCA estate means that properties vary greatly in size, age, condition and location which presents a challenge in reducing energy consumption. The estates team has worked collaboratively with internal and external stakeholders to identify short and long-term plans to achieve the required target reductions.

Property management tools and reports have been developed to achieve the targets and involve the collection, monitoring and analysis of energy costs and usage data. The evidence provided will enable anomalies to be identified and usage to be challenged. This work will provide critical insight into the performance of the estate and has enabled the compilation of a plan to drive down consumption and embed sustainability into the workplace. Actions have included adopting different working practices, deploying new technologies, introducing building management systems to manage energy usage / generation and refining the working and operational environments for staff and volunteers.

Due to the operational and geographically dispersed nature of the estate a long-term approach is required. We plan to deliver a streamlined, sustainable and highly effective estate.

Cross Organisational Working Group

To better enable the Agency to deliver the efficiencies required under Government Greening Commitments, a cross-organisational working group has been established. This allows each of the Directorates to be represented and provides a point of contact to take forward plans and initiatives consistently across the organisation. This cross-organisational approach will also be essential in terms of monitoring and recording data at localised level as well as challenging behaviours and encouraging positive cultural shifts.

Climate Change Adaption

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

<http://webarchive.nationalarchives.gov.uk/20130402151656/http://archive.defra.gov.uk/environment/climate/documents/adapt-reports/11public-bodies/pbs-maritime-coastguard.pdf>

Sustainable Procurement

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 supports our sustainable development goals. We are working toward the targets in the Government Greening Commitments, in particular by:

- issuing guidance notes to staff on sustainable procurement, which underwent significant revisions this year to include emerging issues like modern slavery in the supply chain.
- training all staff within the Procurement Team and contract managers across the Agency in sustainable procurement principles and having the promotion of sustainable procurement as a key objective for each of them.
- including basic sustainability requirements in all procurement processes, and more advanced criteria where contracts are high value or have a high sustainability risk.
- actively engaging with suppliers and internal order placers to promote continuous improvement in sustainability performance throughout the term of a contract.
- sustainable procurement successes this year include:
 - the introduction and piloting of two new tools to help priorities our sustainable procurement focus and measure social value in contracts respectively;
 - the introduction of sustainable procurement performance targets for contract managers for the first time.

Plans for the Future

From the next financial year, we will be working toward the achievement of Government Greening Commitments targets by focusing on waste avoidance and waste management targets and reducing domestic UK flights.

We will also be promoting the use of Hybrid and electric cars as part of our hire car contract and looking at the use of pool hire cars for shorter journeys.

The full details of the Government Greening Commitments Agenda can be located at:

<https://www.gov.uk/government/publications/greening-government-commitments-targets/greening-government-commitment-targets>

Brian Johnson

Chief Executive

8th July 2019



Accountability report

Corporate Governance Report

Directors' Report

The Maritime and Coastguard Agency Board is the highest decision-making body in the Agency. Its role and relationship with other management groups are set out in the Governance Statement (see page 42). During the year, there was a restructure of directorates and responsibilities within the Executive Team which are reflected in the Board. The composition of the Board, including advisory and non-executive members, during the year is shown below:

Michael Parker, the **Non-Executive Chairman**.

Sir Alan Massey, who was **Chief Executive** and the Agency's Accounting Officer from March 2018 to 31 October 2018.

Brian Johnson, who was appointed as **Chief Executive** and the Agency's Accounting Officer on 1 November 2018 and was the Senior Responsible Risk Owner and responsible for Business Improvement and Assurance (including Health and Safety and Risk Management) and Procurement Services from 17 January 2019.

Richard Parkes, the **Director of Maritime Operations and HM Coastguard**. His key responsibilities are the delivery of the six internationally recognised coast guard functions through the national network of Coastguard Operation Centres, the volunteer Coastguard Rescue Service, Aeronautical Rescue Coordination Centre and Search and Rescue Helicopter provision. He continues to lead the Search and Rescue Helicopter Programme which sits on the Government Major Projects Portfolio. In December 2018, he became responsible for attracting owners of quality ships to the United Kingdom flag to secure its long-term commercial growth and success, and delivery of front-line services including vessel registration.

Katy Ware, the **Director of Maritime Safety and Standards**. Her key responsibilities are the United Kingdom's statutory obligations as a flag Administration in respect of the safety, security and protection of the environment from shipping, of United Kingdom ships, wherever they are operating in the world and foreign flagged vessels in United Kingdom waters. She is also responsible for the safety of the United Kingdom domestic passenger ship and fishing fleet as well as the United Kingdom Navigational safety regime and Civil Hydrography Programme. As Permanent Representative of the United Kingdom to the International Maritime Organisation, she is responsible for the oversight and negotiation of United Kingdom policy and interests in relation to international maritime matters within the International Maritime Organisation and European Union. In December 2018, she became responsible for seafarer services and audit of MCA approved Nautical Colleges and training providers.

She leads the Survey and Inspection Transformation Programme as the Senior Responsible Officer.

Doug Barrow, who was **Director of the United Kingdom Ship Register** until 4 December 2018. His key responsibilities were attracting owners of quality ships to the United Kingdom flag to secure its long-term commercial growth and success, and delivery of front-line services including vessel registration, seafarer services and audit of MCA approved Nautical Colleges and training providers. These responsibilities were transferred to Richard Parkes and Katy Ware from 4 December 2018.

Bill Dunham, who was **Director of Strategy and Corporate Services** until 17 January 2019. His key responsibilities were strategic planning, performance monitoring, corporate governance and financial controls, the health and safety of our staff and volunteers, Information Assurance, Corporate Developments, Information and Communication Technology, Shared Services, Procurement Services, Estates Infrastructure, Human Resources, Learning and Development, and the Senior Information Risk Owner. Changes to the Agency structure in January 2019 saw these functions transferred to the Chief Executive, the Chief Financial Officer, Chief People Officer and a new Information and Technology Directorate.

The Information and Technology Directorate was responsible for Information and Communications Technology, Information Assurance, Corporate Developments and Shared Services. Representation on the Board was by nominated representatives; the directorate will be formally represented on the Board in 2019-20 following appointment of the Director of Information and Technology.

Claire Hughes, who was appointed **Chief People Officer** on 16 November 2018 when human resource responsibilities were split from the Directorate of Strategy and Corporate Services to report the Chief Executive. Her key responsibilities were Human Resources, Learning and Development and from January 2019, Estates Infrastructure.

Matthew Briggs, who was **Acting Chief People Officer** between 7 January and 31 March 2019.

Jane Jackson, who was the **Chief Financial Officer** and who attended in an advisory capacity until 16 November 2018 when she was appointed to the Board when responsibilities for finance and governance were split from the Directorate of Strategy and Corporate Services to report the Chief Executive. Her key responsibilities were Corporate Governance, Financial Controls, Fraud and Whistleblowing.

Richard Wilson, who was **Head of the Office of the Chairman and Chief Executive** and who attended in an advisory capacity until 16 November 2018 when he was appointed to the Board. His key responsibilities were Evidence and Analysis, Strategic Planning, Performance Management, Enforcement and Communications.

Chris Thomas, who attended the Board in an advisory capacity as **Chair of the Senior Executive Group** until October 2019.

Alex Jablonowski and **Noel Shanahan** who served as Non-Executive Directors.

Lisa Gilmour, who attended the board on behalf of the Department for Transport Sponsorship Team for Maritime.

Statement of Chief Executive's Responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, Her Majesty's 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. The designation of Accounting Officer was transferred to the Maritime and Coastguard Agency Chief Executive from the Department for Transport in 2010.

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

- observe the Accounts Direction issued by Her Majesty's 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 Accounting Officer is required to confirm that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself or herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in Managing Public Money published by Her Majesty's Treasury.

Governance Statement

Introduction

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

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

This Governance Statement details the arrangements in place for the financial year 1 April 2018 to 31 March 2019. Specifically, it focuses on internal controls, risk management and the wider risk environment. Progress with the Agency's major change programmes and other commitments in its 2018-19 Business Plan are captured elsewhere in the Annual Report and Accounts.

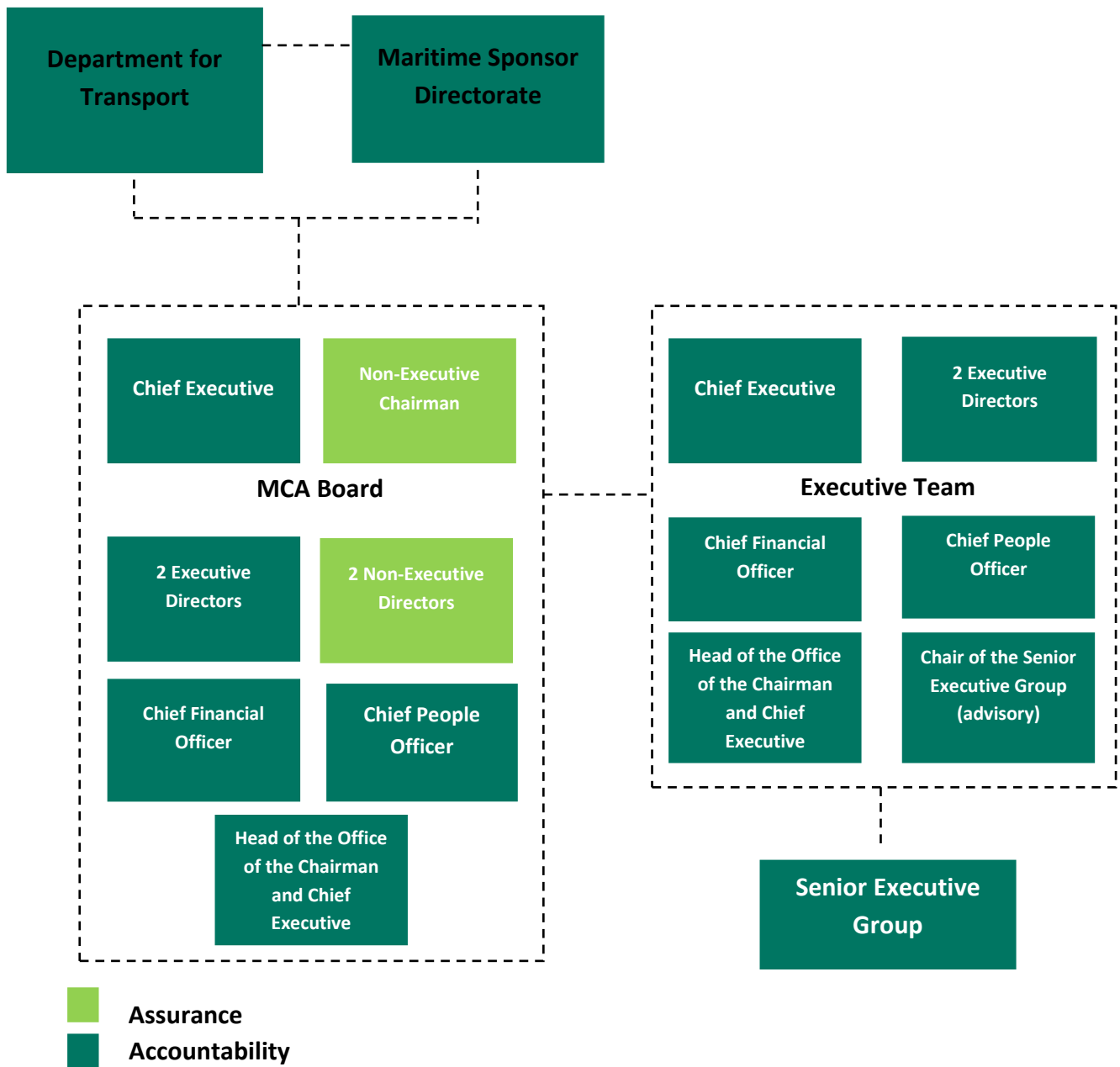
Agency Management

The Agency's governance framework is designed to comply with the guidance laid down in HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice 2011. An external Governance review of compliance against the Code was not conducted within this reporting period.

The Agency's accountability to the Secretary of State for Transport is exercised through a Sponsorship Board, which meets quarterly under the chairmanship of the Director General International Security and Environment. A representative of the Scottish Government attends this Board to contribute on strategic issues of specific relevance to Scotland. Internally, the Agency is managed by its Board and an Executive Team. The Agency Board is chaired by the Non-Executive Chairman and has both strategic and business oversight responsibilities supported by the Executive Team and the Senior Executive Group. The Executive Team meets monthly to make decisions on strategic issues largely, but not solely, based on advice from Senior Executive Group. Directors may also directly raise issues emanating from their own Management Boards. Senior Executive Group meets monthly to make operational decisions and provide advice to the Executive Team on matters of risk, compliance and governance. The People Committee is charged by the Agency Board to take forward cross-Agency initiatives relating to the engagement, motivation, wellbeing and effective management of the Agency's people.

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

The precise governance relationships and arrangements between these groupings continues to evolve in light of practical experience during the course of the 2018-2019 reporting year. The Agency's high level management structure is set out below:



Board membership and attendance

Board Member	Title	No. of meetings attended
Michael Parker	Non-Executive Chairman	11/11
Brian Johnson	Chief Executive Officer (appointed 1 November 2018)	5/5
Sir Alan Massey	Chief Executive Officer (retired 31 October 2018)	5/6
Richard Parkes	Director of Maritime Operations & HM Coastguard	10/11
Bill Dunham	Director of Strategy & Corporate Services (ceased as Director on 17 January 2019)	8/9
Katy Ware	Director of Maritime Safety and Standards	10/11
Doug Barrow	Director of United Kingdom Ship Register (ceased as Director on 4 December 2018)	6/7
Alex Jablonowski	Non-Executive Director	10/11
Noel Shanahan	Non-Executive Director	11/11
Jane Jackson	Chief Financial Officer (appointed to the Board on 16 November 2018 having previously attended in an advisory capacity)	11/11
Claire Hughes	Chief People Officer (appointed 16 November 2018)	2/2
Matthew Briggs	Acting Chief People Officer (acting for Claire Hughes between 7 January and 31 March 2019)	2/3
Richard Wilson	Head of the Office of the Chairman and Chief Executive (appointed to the Board 16 November 2018)	11/11
Chris Thomas	Chair of Senior Executive Group (in an advisory capacity)	7/7
Lisa Gilmour	Head of Maritime Sponsorship	8/11

Risk Management and Governance

I am responsible for the effective management of corporate risk in accordance with Treasury Guidance (the Orange Book), and the Department for Transport Departmental Risk Policy and Guidance. Escalation processes are in place within our management structures (Executive Team, Senior Executive Group and Directorate Management Boards) to identify, manage and mitigate risks appropriately. I am also supported and advised by the Audit and Risk Assurance Committee.

Principal Risks in 2018-19

Through 2018-19, 25 risks, eight of which related to European Union exit, were actively managed on the corporate risk register. The key risks are:

GDPR Compliance – The implementation of the General Data Protection Regulation brought with it the requirement to implement a management framework, policies and training to ensure the confidentiality, integrity and availability of personal data. Implementation included the appointment of a Data Protection Manager with specific responsibility for this area, reporting to the Senior Information Risk Owner and the Department Data Protection Officer. Failure to adequately manage this risk can result in a damaging data breach with consequences of reputational damage and significant financial penalties.

Cyber risk – The threat landscape is clearly evolving, and new risks are emerging all the time, threatening the security of organisations around the world. As cybercriminals become more sophisticated in their attack methodologies, the Agency is aware that it must remain vigilant and ensure that systems are in place to guarantee the confidentiality, integrity and availability of its systems, assets and information. This also includes protecting the infrastructure which is necessary to deliver critical coastguard operations and publicly accessible services. A variety of protective measures are in place to reduce the likelihood and impact of a successful cyber-attack, ranging from intelligence-based vulnerability management solutions and threat detection technology, to strengthened management processes. Furthermore, the Agency has introduced an ongoing programme of user education and awareness training to combat common attack vectors such as phishing emails.

In addition to these, the risk associated with preparedness for the United Kingdom exit from the European Union was included in the Corporate Risk Register:

European Union Exit – The ability of the United Kingdom to continue to meet its international maritime obligations following potential loss of access to the European Maritime Safety Agency systems in the event of the United Kingdom leaving the European Union without a deal represented a key risk. To mitigate this risk the Agency worked with Department for Transport and suppliers to develop and implement domestic alternatives in time for the original planned exit date of 29 March 2019. This action has ensured that the United Kingdom is prepared for potential exit without a deal and will continue to meet its obligations of Port State Control under the Paris Memorandum of Understanding, those associated with the Safety of Life at Sea convention and for counter pollution.

Priority Concerns in 2018-19

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

National Radio Service – The existing radio network infrastructure that links our 155 remote radio sites to the Her Majesty's Coastguard Operations Centres needs to be replaced; given that the analogue British Telecom Kilostream product that underpins the existing network is being withdrawn from the market in March 2020. This, along with other elements of Agency's information technology infrastructure, is a vital part of the national search and rescue coordination network that enables Her Majesty's Coastguard to fulfil its role as a Category One Responder (Maritime) along

with the Police, Fire and Ambulance services.

The programme to replace this core component of Critical National Infrastructure has funding in place and is currently in negotiations with three competing bidder organisations. The programme aims to achieve contract award in the autumn of 2019.

Outstanding Recommendations from the Marine Accident Investigation Branch – There remains a backlog of legacy safety recommendations from the Marine Accident Investigation Branch that require implementation of either legislation, guidance or both. There are safety risks while actions remain outstanding. We have mitigated the risk with a clearer focus on priority work and plans to secure more in-house legal resources.

Fishing Vessel Safety – Fatality rates in the fishing industry are too high and we need to see them reduce more quickly than the current safety strategy of achieving zero fatalities by 2027. We have implemented elements of the Maritime Labour Convention to require the wearing of suitable lifejackets when working unless there is a clear risk assessment to do otherwise. Implementing the outstanding Marine Accident Investigation Branch recommendations will also contribute to addressing safety concerns in the fishing sector.

Grandfather Rights for Passenger Ships – New regulations will be implemented to ensure that older passenger ships operating on estuarial waters in the United Kingdom (and particularly those on the tidal River Thames) meet modern standards that improve their survivability in some circumstances. Work to develop regulation has been undertaken. This will be followed by extensive consultation over the Spring and Summer of 2019, leading to new regulations in the Autumn of that year.

Standards of an MCA-Approved Training Provider Operating Abroad – Audits of a college operating abroad highlighted concerns about the quality of their training, which brought into question the validity of some qualifications held by serving seafarers. Steps were taken to mitigate this risk through an online competence assessment tool, and an investigation into the training arrangements of the college and their United Kingdom partner organisations. An audit programme for colleges providing United Kingdom unlimited certificates will be conducted in 2019.

Compliance with the Implementation of International Maritime Organization Instruments (III) Code – A compliance audit of the United Kingdom by the International Maritime Organization is scheduled for September 2020. We recognise that we have some legislative gaps that need to be addressed; these need to have been addressed, or to have a clear plan in place for addressing them, when the United Kingdom is audited.

Audit and Risk Assurance Committee

I seek independent advice and assurance on the processes for risk management, governance, assurance and internal control, including reliability and integrity, through the Agency's Audit and Risk Assurance Committee. This committee meets quarterly and comprises of the Agency's two Non-Executive Directors, one of whom is appointed as Chair, and the Non-Executive Chairman; the Chief Financial Officer and I also attend.

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

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

Attendance by Audit and Risk Assurance Committee members in 2018-19 was as follows:

Committee Member	No. of meetings attended
Alex Jablonowski (Chair of the ARAC)	4/4
Michael Parker	4/4
Noel Shanahan	4/4

Fraud, Bribery and Whistleblowing

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

Internal and External Audit

Our Quality Management System is externally certified by SGS to the International Organisation for Standardisation ISO 9001:2015 standard; the requirements of the Standard are applied to all business processes and activities. Transition to the ISO 9001:2015 standard was successfully achieved in February 2018, with the exception of part of Directorate of Maritime Operations. Throughout 2018-2019, Internal Improvement and Assurance have supported the Directorate of Maritime Operations in ISO 9001:2015 preparations. In September 2018, Aviation and Receiver of Wreck were successfully brought into scope for the standard following an SGS external audit. Internal Improvement and Assurance have assisted Her Majesty's Coastguard in a gap analysis of their management systems to aid this part of the business coming into scope, in order to achieve certification, in June 2019.

The Agency's annual Internal Quality Audit programme supports its continuing certification to ISO 9001:2015 and the 2018-19 audit plan was effectively delivered with only minor changes. The Government Internal Audit Agency 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 and Risk Assurance Committee and Executive Team identify as key risks. The outcome for the 2018-19 programme identified that 92% (11 of 12) of audits received an overall 'moderate' opinion or above.

The Government Internal Audit Agency Group Chief Internal Auditor Opinion provided an overall 'moderate' assurance rating on the adequacy and effectiveness of the Agency's arrangements for

corporate governance, risk management and internal control. Although the Government Internal Audit Agency have given the Agency the same assurance rating as 2017-18, they consider that the 2018-19 opinion reflects the impact of the significant organisational and process transformation following the change of Chief Executive.

The Agency Board, Executive Team, Senior Executive Group and local Management Boards monitor progress on management actions agreed for internal and external audits at their monthly meetings. Progress is also monitored by the Audit and Risk Assurance Committee at its quarterly meetings.

External Partners

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

Health and Safety

The Agency continues to refine its health and safety policies, plans and arrangements to ensure that standards are actively managed across the Agency. The Senior Executive Group and the National Health and Safety Committee remain responsible for overseeing the Agency's safety management system and lead on safety improvements.

A monthly Health and Safety report is tabled and discussed at the Senior Executive Group, Coastal Senior Officers Group, Survey and Inspection National Management Group, Directorate Management Boards, Executive Team and Agency Board meetings. In addition, Health and Safety is an agenda item at all management meetings.

The performance of the Agency's safety management system is measured via internal audits, analysis of accidents and near misses and the analysis of sickness absences. Significant changes in performance are reported to the Senior Executive Group, Executive Team, Agency Board and Directorate Management Boards.

The National Health and Safety Committee meets quarterly and is attended by trade union representatives and chaired by a member of Senior Executive Group. The volunteer Coastguard Rescue Service is also represented at this forum.

The Health and Safety team regularly attend the Department for Transport Health and Safety Forum, working with Departmental colleagues to lead on new and common health and safety initiatives.

The following improvements were successfully delivered in 2018-19:

- Refinement of Her Majesty's Coastguard and Survey and Inspection risk assessments and safe operating practices;
- A review of key Health and Safety processes was included in 2018-19 internal audit plan, this yielded refinements in a number of internal policies and procedures, most notably fire safety arrangements;
- Development and refinement of detailed Building Custodian guidance by the Estates Team;
- Review of Health and Safety standards at remote radio sites including improvements in governance and the attention to findings by contractors;
- Review and publication of a new first aid policy followed by verification of implementation through internal audit;
- Launch of My Health & Safety page on the Agency's new corporate intranet;
- Accident reviews have led to improved safe systems of work in Her Majesty's Coastguard, most notably around driving and trailer towing practices;
- Smarter Working project team worked closely with the Health and Safety team to develop practical guidance for the increasing variety of working environments for staff;
- Improved governance around Health and Safety actions including the development of a Health and Safety Action Tracker, which is shared with and overseen by the Senior Executive Group, Management Boards and the Executive Team.

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), accident and near miss rates for staff and volunteers have plateaued compared to 2017-18. Lessons identified from accidents and near-misses are discussed at headquarter and local management meetings, and summaries are anonymised and published for the benefit of all staff and volunteers.

The long-term trend in days lost due to stress-related illness has focused Agency Board and People Committee attention on reviewing the root causes of stress and identifying successful line management interventions. The Work-Related Stress Steering Group are focussing on those areas of the business where there is an indication of elevated risk of stress and stress related illness. Allied to this has been a greater emphasis on staff wellbeing in the Agency, addressing both workplace and lifestyle factors. Examples of successful 'health' initiatives include the appointment of an additional Wellbeing and Inclusion Manager; Wellbeing and Inclusion weeks; the mental health first aid courses; mental health 'buddy' network in operation; and continued working-time monitoring via Agresso Business World.

Information Assurance and Data Handling

As mandated by the Cabinet Office the Agency has appointed Information Asset Owners to manage and protect business-critical operational and information assets. Information Asset Owners continue to have a responsibility on behalf of the Accounting Officer to understand what information is held and how it is used, and for reviewing risks to the confidentiality, integrity and availability of their information assets, including those in their delivery chain. At each financial year end Information Assurance Branch assess Agency practices against the Government Security Policy Framework and its expected security outcomes by means of a Departmental Security Health Check for the Department for Transport.

The Information Assurance branch managed all areas of information legislation on behalf of the Senior Information Risk Owner. This supports the changes and implementation of the European Union General Data Protection Regulation and the Data Protection Act 2018. Main areas of security strategy incorporate:

- Development of security policy in alignment with the updated ISO 27001:2013 standard;
- Assurance of obligations under the Centre for the Protection of National Infrastructure 'Emergency Services' sector and ensuring the confidentiality, integrity and operational availability of Critical National Infrastructure related infrastructure, data centres and associated information assets, networks;
- Scoping and conduction Information Technology Security Health Checks by external providers as approved by the National Cyber Security Centre. These health checks provide assurance that our systems are protected from unauthorised access or change and that significant weaknesses to our infrastructure, and our data, are identified and remediated;
- The support of programmes of system/service refresh/change, including the decommissioning of legacy hardware and ensuring replacements apply the right level of technical security to preserve the confidentiality, integrity and availability of the system, and data. Privacy Impact Assessments are carried out where personal data is affected. Furthermore, Information Assurance ensures suppliers maintain and align development to commercial security best practice and United Kingdom Government guidelines;
- The holistic management of people from onboarding activities, i.e. assuring the application of National Security Vetting where necessary for individuals (staff and contractors) in trusted positions and subsequent annual aftercare, to reinforcing security responsibilities through consistent awareness and education, through proactive strategy and/or as a reaction to actual and or perceived threats.
- Management of cyber vulnerabilities by engaging with the Directorate of Information and Technology to track, manage and remediate vulnerabilities that could affect Agency infrastructure and data.
- Application of physical security controls at manned sites as a result of physical security risk assessments which are actioned on a rolling annual basis and/or when changes to the physical asset estate occur.
- Ensure safe data sharing and that partnering initiatives are understood and supported by documented memorandums of understanding.

Management Assurance

The Department for Transport Resource and Strategy Group made a number of changes to the Management Assurance process and statements in the 2018-19 returns. The information reported in the Management Assurance return was scrutinised by the Agency Board, Audit and Risk Assurance Committee and Senior Executive Group.

The Agency's system of internal controls is monitored in accordance with Department for Transport guidance and are regularly reviewed by the Agency Board, Audit and Risk Assurance Committee and Senior Executive Group. Where weaknesses have been identified, action plans to improve control mechanisms have been established.

The Non-Executive Directors have been involved in Agency Board meetings throughout 2018-19, and based on this exposure to the Agency, and having received management and other assurances, the Audit and Risk Assurance Committee approve the content of this Governance Statement and endorse the Head of Internal Audit opinion.

Having reviewed the audit opinion provided to me by the Government Internal Audit Agency, our own internal assurance processes and by the external audit, I am satisfied that the Maritime and Coastguard Agency has maintained a sound system of internal control for 2018-19. There are still some areas that we can improve, however, it was pleasing to note that the Agency has made significant improvements during the year on the effectiveness of our risk management, governance and control processes.

Brian Johnson

Chief Executive

Remuneration and Staff Report

Remuneration policy

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

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

Service Contracts

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

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

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

Remuneration and pension entitlements of senior management (audited)

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

Single total figure of remuneration

Executive board members	2018-19					2017-18				
	Salary (£000)	Bonus payments (£000)	Benefits in kind (to nearest £100)	Pension benefits ⁶ (£)	Total benefits (£000)	Salary (£000)	Bonus payments (£000)	Benefits in kind (to nearest £100)	Pension benefits (£)	Total benefits (£000)
Brian Johnson ⁷ Chief Executive	60-65	-	-	23,000	80-85	-	-	-	-	-
(Full year equivalent)	130-135	-	-	51,000	180-185	-	-	-	-	-
Sir Alan Massey ⁸ Chief Executive	70-75	-	2,300	28,000	100-105	120-125	-	3,600	47,000	170-175
(Full year equivalent)	120-125	-	-	47,000	165-170	-	-	-	-	-
Richard Parkes Director	85-90	-	1,200	30,000	115-120	85-90	25-30	1,100	14,000	120-125
Bill Dunham ⁹ Director	70-75	-	1,800	29,000	100-105	90-95	-	1,900	36,000	125-130
(Full year equivalent)	90-95	-	-	37,000	125-130	-	-	-	-	-
Katy Ware Director	80-85	-	2,500	24,000	110-115	80-85	0-5	1,700	32,000	110-115
Doug Barrow Director ¹⁰	75-80	-	1,700	31,000	110-115	110-115	-	800	45,000	155-160
(Full year equivalent)	115-120	-	-	46,000	165-170	-	-	-	-	-
Jane Jackson Chief Financial Officer	75-80	0-5	-	27,000	105-110	70-75	0-5	-	13,000	85-90
Claire Hughes ¹¹ Chief People Officer	25-30	-	-	7,000	30-35	-	-	-	-	-
(full year equivalent)	70-75	-	-	20,000	90-95	-	-	-	-	-
Chris Thomas Chair of Senior Executive Group	70-75	5-10	-	(10,000)	70-75	75-80	0-5	-	11,000	90-95
(Full year equivalent)	70-75	-	-	20,000	90-95	-	-	-	-	-
Richard Wilson ¹² OCCE	20-25	-	-	1,000	20-25	-	-	-	-	-
Full year equivalent)	55-60	-	-	2,000	60-65	-	-	-	-	-
Matthew Briggs ¹³ Acting Chief People Officer	15-20	-	-	3,000	15-20	-	-	-	-	-
(Full year equivalent)	60-65	-	-	13,000	75-80	-	-	-	-	-
Damien Oliver Aviation Programme Director	70-75	0-5	2,500	38,000	110-115	-	-	-	-	-

⁶ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

⁷ Brian Johnson was appointed on 15 October 2018 and took up the role of Chief Executive on 1 November 2018.

⁸ Sir Alan Massey retired from the MCA on 31 October 2018.

⁹ Bill Dunham ceased to be a Director from 17 January 2019 but is still employed by the MCA.

¹⁰ Doug Barrow left the MCA on 4 December 2018.

¹¹ Claire Hughes was appointed Chief People Officer from 16 November 2018.

¹² Richard Wilson, Head of the Office of the Chairman & Chief Executive, was appointed to the Executive Team on 16 November 2018.

¹³ Matthew Briggs was acting Chief People Officer from 7 January to 31 March 2019.

Non-Executive board members	Salary (£000)	Bonus payments (£000)	Employee Benefits (£000)	Pension benefits (£)	Total benefits (£000)	Salary (£000)	Bonus payments (£000)	Employee Benefits (£000)	Pension benefits (£)	Total benefits (£000)
Michael Parker <i>Non-Executive Chairman</i>	50-55	-	-	N/A	50-55	50-55	-	-	N/A	50-55
Alex Jablonowski <i>Non-Executive Director</i>	15-20	-	-	N/A	15-20	10-15	-	-	N/A	10-15
Noel Shanahan ¹⁴ <i>Non-Executive Director</i>	10-15	-	-	N/A	10-15	10-15	-	-	N/A	10-15
(Full year equivalent)	-	-	-	-	-	10-15	-	-	N/A	10-15

Salary

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

Benefits in kind

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

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to performance in the year prior to that in which they become payable to the individual. The bonuses reported in 2018-19 relate to performance in 2017-18 and the comparative bonuses reported for 2017-18 relate to performance in 2016-17.

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 executive board member in the Agency, in the financial year 2018-19, was £130,000-135,000 (2017-18 £120,000-125,000). This was 4.29 times (2017-18, 3.89) the median remuneration of the workforce, which was £30,897 (2017-18 £31,110). An increase in the highest paid director' remuneration has increased the ratio from 3.89 to 4.29.

In 2018-19, no employee (2017-18: no employee) received remuneration in excess of the highest-paid director. Remuneration ranged from £17,256 to £130,000 (2017-18: £16,684 to £121,116). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

¹⁴ Noel Shanahan was appointed Non-Executive Director on 1 June 2017.

Pension Benefits

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

	Accrued pension at pension age as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	Cash Equivalent Transfer Values (CETV)		Real increase in CETV
			At 31/3/19	At 31/3/18	
	£000	£000	£000	£000	£000
Brian Johnson <i>Chief Executive</i>	0-5	0-2.5	19	-	15
Sir Alan Massey <i>Chief Executive</i>	20-25	0-2.5	424	370	24
Richard Parkes <i>Director</i>	30-35	0-2.5	672	595	31
Bill Dunham <i>Director</i>	5-10	0-2.5	115	85	19
Katy Ware <i>Director</i>	25-30	0-2.5	398	333	8
Doug Barrow <i>Director</i>	0-5	0-2.5	78	46	26
Jane Jackson <i>Chief Financial Officer</i>	35-40 plus a lump sum 40-45	0-2.5 plus a lump sum of 0-2.5	629	543	15
Claire Hughes <i>Chief People Officer</i>	15-20 plus a lump sum 35-40	0-2.5 plus a lump sum of 0	269	256	3
Richard Wilson <i>Head of the Office of the Chairman & Chief Executive</i>	25-30 plus a lump sum 85-90	0-2.5 plus a lump sum of 0-2.5	636	614	1
Matthew Briggs <i>Acting Chief People Officer</i>	25-30	0-2.5	421	418	1
Chris Thomas <i>Chair of Senior Executive Group</i>	15-20 plus a lump sum 45-50	0 plus a lump sum 0	368	343	(10)
Damien Oliver <i>Aviation Programme Director</i>	20-25	0-2.5	226	171	15

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his 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. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

Further details about the Civil Service pension arrangements can be found at the website <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. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Staff costs (audited)

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

	Permanently employed staff	Others	2018-19	2017-18
	£000	£000	£000	£000
Wages and salaries	40,452	594	41,046	39,473
Social security costs	3,872	-	3,872	4,483
Other pension costs	8,039	-	8,039	7,331
Total net costs	52,363	594	52,957	51,287
Staff costs expensed			52,773	51,149
Staff costs capitalised			184	138

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 2018-19, employer contributions of £7,557,022 were payable to the PCSPS (2017-18: £7,356,456) at one of four rates in the range 20.0% to 24.5% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. For 2018-19, the rates will be in the range 20% to 24.5%. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 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 £104,360 (2017-18: £104,465) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. No employer contributions were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees (2017-18: None).

Contributions due to the partnership pension providers at the balance sheet date were £12,857 (2017-18: £8,324). Contributions prepaid at that date were £Nil.

Staff numbers (audited)

<i>Average number of persons employed</i>	Permanently employed staff	Others	31 March 2019	31 March 2018
Direct service delivery and support	808	24	832	828
Corporate support	214	31	245	226
Board members	5	1	6	5
Directly employed	1,027	56	1,083	1,059
Others – temporary	-	18	18	17
Total	1,027	74	1,101	1,076

There were no early retirements in the year caused by ill health (2017-18: None). The Agency's Coastguard Rescue Service has approximately 3,500 volunteers.

Staff composition

Male and female employees by number for the year ending 31 March 2019 were:

	Male	Female	2018-19
Senior Civil Service – Band 2	1	-	1
Senior Civil Service – Band 1	4	2	6
Other Board Members	1	2	3
Board members and Senior Civil Service	6	4	10
All other employees	691	382	1,073
Total	697	386	1,083

Sickness absence data

	2017-18	2017-18
Working days taken as sickness absence	7,545.94	7,003.27
Average number of days lost per employee per year	6.91	6.81

Staff policies for disabled persons applied during the financial year

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

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

The Trade Union (Facility Time Publication Requirements) Regulations 2017

Disclosures required under the Trade Union (Facility Time Publication Requirements) Regulations 2017 which came into force on 1 April 2017 are shown in the table below, as reported to DfT on 11 April 2019.

Relevant Union Officials	
Number of employees who were relevant union officials during the relevant period	20
Full-time equivalent employee number	1,083
Percentage of time spent on facility time	
1-50%	20
Percentage of pay bill spent on facility time	
Total cost of facility time	£11,413
Total pay bill	£52,972,758
Percentage of the total pay bill spent on facility time	0.02%
Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours (no paid activities in year)	0%

Expenditure on consultancy

Agency expenditure on consultancy in 2018-19 was £369,000 (2017-18: £94,000).

Off-payroll engagements

Engagements costing the Agency more than £245 per day and lasting more than six months were:

	2018-19
Number of existing engagements as of 31 March 2019	44
Length of existing engagements	
Less than one year at time of reporting	15
Between one and two years at time of reporting	24
Between two and three years at time of reporting	4
Between three and four years at time of reporting	-
Four or more years at time of reporting	1

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

	2018-19
New engagements or those reaching six months in duration	12
Number of these engagements which were:	
Assessed as caught by IR35	-
Assessed as not caught by IR35	12
Engaged directly (via PSC contracted to agency) and are on the agency payroll.	-
Reassessed for consistency /assurance purposes during the year from whom assurance has been requested but not received.	-
Required a change to IR35 status following a consistency review.	-

Exit packages (audited)

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<£10,000	-	-	3	3	3	3
£10,000 - £25,000	-	-	3	-	3	-
£25,000 - £50,000	-	-	2	-	2	-
Total number of exit packages	-	-	8	3	8	3
Total resource cost (£)	-	-	119,183	23,556	119,183	23,556

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.

Parliamentary Accountability Disclosures (Audited)

Regularity of expenditure

Losses and special payments

The total of losses and special payments incurred or made did not exceed £300,000 (2017-18: £373,000).

Other parliamentary disclosures – Exiting from the European Union (EU)

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50 of the Lisbon Treaty on European Union. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.

The MCA currently meets certain International Maritime Organization reporting obligations by using European Maritime Safety Agency (EMSA) systems. We are developing alternative UK stand-alone systems for a no deal outcome which have cost £787,000 in 2018-19. In the event of an EU Exit deal we expect to incur reversion costs of £398,000 to the EMSA systems.

Fees and Charges

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

	2018-19			2017-18		
	Income	Expense	Net	Income	Expense	Net
	£000	£000	£000	£000	£000	£000
Statutory services						
Marine surveys	5,106	5,150	(44)	4,416	4,066	350
Registration of ships	1,068	824	244	1,066	827	239
Seafarers' examinations and certification	2,447	2,257	190	2,385	2,175	210
Other statutory services	450	361	89	223	97	126
Total	9,071	8,592	479	8,090	7,165	925

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

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

Brian Johnson

Chief Executive

8th July 2019

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

Opinion on financial statements

I certify that I have audited the financial statements of the Maritime and Coastguard Agency for the year ended 31 March 2019 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, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

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 2019 and of the net operating expenditure 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 thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Maritime and Coastguard Agency in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Maritime and Coastguard Agency's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Chief Executive's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Maritime and Coastguard Agency's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report and Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

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 parts of the Accountability 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.

Gareth Davies
Comptroller and Auditor General

16th July 2019

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



Financial statements

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
Revenue from contracts with customers	[3]	(13,076)	(11,659)
Other income	[3]	(1,793)	(2,676)
Total income		(14,869)	(14,335)
Staff costs	[2]	52,773	51,149
Purchase of goods and services	[2]	289,326	283,540
Depreciation and impairment charges	[2]	15,618	9,016
Net provision (release)/expense	[2]	(249)	93
Other operating expenditure	[2]	(60)	(1,032)
Total operating expenditure		357,408	342,766
Net expenditure for the year		342,539	328,431
Other comprehensive net expenditure			
Items which will not be reclassified to net operating expenditure:			
Net (gain)/loss on:			
Revaluation of property, plant and equipment		(902)	(1,811)
Revaluation of intangible assets		(22)	49
Revaluation of inventories		62	(183)
Total net revaluation (gains) and losses		(862)	(1,945)
Comprehensive net expenditure for the year		341,677	326,486

The notes on pages 70 to 86 form part of these accounts.

Statement of Financial Position

as at 31 March 2019

	Note	31 March 2019		31 March 2018	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	[5]	81,881		86,534	
Intangible assets	[6]	15,841		15,272	
Inventories	[8]	4,289		4,351	
Trade and other receivables	[10]	55		76	
Total non-current assets			102,066		106,233
Current assets					
Assets classified as held for sale	[9]	979		979	
Trade and other receivables	[10]	8,914		10,212	
Cash and cash equivalents	[11]	346		335	
Total current assets			10,239		11,526
Total assets			112,305		117,759
Current liabilities					
Trade and other payables	[12]	(43,311)		(50,615)	
Provisions	[13]	(701)		(1,020)	
Total current liabilities			(44,012)		(51,635)
Total assets less current liabilities			68,293		66,124
Non-current liabilities					
Other payables	[12]	(43)		(212)	
Provisions	[13]	(1,495)		(1,598)	
Total non-current liabilities			(1,538)		(1,810)
Total assets less total liabilities			66,755		64,314
Taxpayers' equity and other reserves					
General fund		51,880		48,999	
Revaluation reserve		14,875		15,315	
Total equity			66,755		64,314

The notes on pages 70 to 86 form part of these accounts.

Brian Johnson
Chief Executive
 8th July 2019

Statement of Cash Flows

for the year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
Cash flows from operating activities			
Net expenditure for the year		(342,539)	(328,431)
Adjustments for non-cash transactions	[2]	15,386	8,157
(Increase)/decrease in inventories	[8]	62	(183)
less movements in inventories relating to items not passing through the Statement of Comprehensive Net Expenditure		(62)	183
(Increase)/decrease in trade & other receivables	[10]	1,319	(2,987)
less movements in trade and other receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		(1,054)	842
Increase/(decrease) in trade and other liabilities	[12]	(7,473)	(1,161)
less movements in trade and other liabilities relating to items not passing through the Statement of Comprehensive Net Expenditure		9,565	(1,344)
Use of provisions	[13]	(77)	(343)
Net cash outflow from operating activities		(324,873)	(325,267)
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,422)	(11,845)
Purchase of intangible assets		(10,030)	(3,088)
Proceeds of disposals of property, plant and equipment		363	1,490
Net cash outflow from investing activities		(20,089)	(13,443)
Cash flows from financing activities			
Current year consolidated fund (supply)		345,000	335,000
Capital element of finance lease payments		(27)	(27)
Net financing		344,973	334,973
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund			
		11	(3,737)
Cash and cash equivalents at the beginning of the period	[11]	335	4,072
Cash and cash equivalents at the end of the period	[11]	346	335

The notes on pages 70 to 86 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2019

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 1 April 2017		37,441	14,542	51,983
Net Parliamentary Funding		339,404	-	339,404
Non-cash charges: auditor's remuneration	[2]	80	-	80
Net expenditure for the year		(328,431)	-	(328,431)
Revaluation gains and losses		-	1,945	1,945
Transfers between reserves		1,172	(1,172)	-
CFERS payable to the Consolidated Fund		(667)	-	(667)
Changes in taxpayers' equity for 2017-18		11,558	773	12,331
Balance at 31 March 2018		48,999	15,315	64,314
Net Parliamentary Funding		344,041	-	344,041
Non-cash charges: auditor's remuneration	[2]	77	-	77
Net expenditure for the year		(342,539)	-	(342,539)
Revaluation gains and losses		-	862	862
Transfers between reserves		1,302	(1,302)	-
CFERS payable to the Consolidated Fund		-	-	-
Changes in taxpayers' equity for 2018-19		2,881	(440)	2,441
Balance at 31 March 2019		51,880	14,875	66,755

The notes on pages 70 to 86 form part of these accounts.

Notes to the Agency's Accounts

1. Statement of significant accounting policies

1.01 Basis of preparation

The financial statements have been prepared in accordance with the 2018-19 Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

The statements cover the period 1 April 2018 to 31 March 2019 and have been prepared in accordance with a direction given by HM Treasury in pursuance of Section 7(2) of the Government Resources and Accounts Act 2000.

1.02 Accounting convention

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

1.03 Adoption of new and revised standards

Two new accounting standards became effective for the first time in 2018-19.

- IFRS 9 addresses classification, measurement and impairment of financial assets. Applying the expected credit losses model required by the standard would not materially affect the Agency and would require undue effort since the agency does not maintain discrete trade receivable records so has not been applied.
- IFRS 15 covers the recognition of revenues from contracts with customers. The standard introduces a "5 Step" model for the recognition of such revenue. The agency's policy is expanded in note 1.13.

A further new standard, IFRS 16 Leases, is effective for the year ended 31 March 2020, and has not been applied in these financial statements. This standard has been adopted by the FReM but in 2019-20 only certain government entities among them the Department for Transport (including the Agency) will be required to follow the standard. Other government bodies will apply the standard in 2020-21.

IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

IFRS 16 requires liabilities to be recognised initially at the discounted value of the minimum lease payments, and that corresponding assets be created, to be described as "right of use" assets, will be presented as non-current assets. Existing finance leases will continue to be classified as leases, and that all of the Agency's existing operating leases will fall within the scope of IFRS 16. Implementation of IFRS 16 in the MCA will increase the value of property, plant & equipment and the corresponding value of lease liabilities.

After initial recognition, right-of-use assets will be depreciated on a straight-line basis and interest will be recognised on the liabilities. As a result, the timing of the recognition of the total costs of leasing will change, as interest costs will be higher at the start of a lease.

HM Treasury have mandated that IFRS 16 will be implemented using the cumulative catch-up method; as a result, comparatives will not be restated and the measurement of the asset and liability balances recognised with effect from 1 April 2019 will reflect the Agency's intentions as at that date. HM Treasury also issued a central internal rate of borrowing for entities to apply, when they cannot obtain the rate implicit in the lease contract.

Note 14 includes a disclosure of undiscounted future cash flows under existing operating leases. As the values of assets and liabilities to be recognised in the financial statements will be based on the discounted values of these cash flows, the impact on the financial position for these contracts will, therefore, be lower than these amounts.

The adjustment to net assets currently expected at 1st April 2019 is as follows:

IFRS 16 – Impact of Operating Leases Transition	£000	£000	£000
Taxpayers equity as at 31 March 2019			66,755
Operating lease commitments as at 31 March 2019:			
SAR helicopter contracts	325,816		
Land	3,093		
Buildings	9,606		
Other	11,343		
Total lease commitments (Note 14)		349,858	
Adjustments (including discounting)		<u>(21,018)</u>	
Lease liabilities as at 1 April 2019		(328,840)	
Right-of-use assets as at 1 April 2019		<u>328,840</u>	
Net effect on equity			0
Revised taxpayers' equity as at 1 April 2019			66,755
Estimated increase in expense 2019-20			2,700

While there may be some changes in the carrying values of assets and liabilities under leases currently classified as finance leases, the impact is currently considered to be immaterial.

1.04 Non-current assets: property, plant and equipment

Property, plant and equipment are carried in the statement of financial position 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 every five years, most recently as at 31 December 2018. The five yearly valuation is supplemented by annual indexation for intervening years in line with the direction in the FReM. Revaluation indices are supplied by external property consultants.
- Plant and equipment are valued at fair value 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 not charged on freehold land and assets in the course of construction. Other assets are depreciated from the month following acquisition on a straight-line basis over their estimated remaining lives as follows:
 - Freehold buildings - up to a maximum of 50 years.
 - Leasehold buildings - over the lower of the lease term and the estimated remaining life.
 - Leasehold improvements – up to a maximum of ten years.
 - Equipment - over the following standard lives:

▪ Information Technology	3-10 years
▪ Plant and Machinery	5-10 years
▪ Furniture and Fittings	3-10 years
▪ Transport Equipment	3-10 years

1.05 Non-current assets: intangible assets

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

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

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

Intangible assets are valued at fair value using appropriate price indices published by the ONS. Amortisation is charged from the month after acquisition. Amortisation is not charged on intangible assets under development.

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

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

1.06 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 classified under current assets in the Statement of Financial Position.

1.07 Inventories - stockpile goods

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

1.08 Finance leases

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

1.09 Provisions for liabilities and charges

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

1.10 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 for which the agency is unable to identify its share of underlying liabilities. The Agency therefore recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year.

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

1.11 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 also includes estimates for the staff exit packages for the S&ITP announced in March 2016 which is being implemented over three years. Provisions are disclosed at Note 13.

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 Revenue from contracts with customers

Revenue from contracts with customers relates to revenue received directly from the operating activities of the Agency. The FReM has adapted the definition of a contract in IFRS 15 to include legislation and regulations which enable an entity to obtain revenue not classified as a tax. The Agency has assessed revenue streams against IFRS 15 and found there to be no impact on the recognition of revenue for the current year nor any retrospective impact.

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

1.14 Other Operating Income

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

1.15 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 reported in the Statement of Comprehensive Net Expenditure.

1.16 Contingent liabilities

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

1.17 Critical judgements

Under IAS 17 Leases, arrangements whose fulfilment is dependent on the use of a specific asset or which convey a right to use an asset, are assessed at their inception to determine if they contain a lease. If an arrangement is found to contain a lease, that lease is then classified as an operating or finance lease. The Agency has assessed that its arrangements to provide search and rescue helicopter and other services contain leases, which it has classified as operating leases, principally because the contract terms are not for the major part of the economic life of the assets.

2. Operating expenditure

	2018-19		2017-18	
	£000	£000	£000	£000
Staff costs				
Wages and salaries	40,269		38,664	
Agency staff	594		671	
Wages and salaries – total	40,863		39,335	
Social security costs	4,258		4,483	
Other pension costs	7,652		7,331	
		52,773		51,149
Purchase of goods and services - cash				
<u>Search and rescue helicopters</u>				
UK SAR helicopter service	205,950		197,247	
MCA Gap SAR-H	-		6,317	
		205,950		203,564
<u>Other goods and services</u> <u>(including shipping industry support and services)</u>				
Support for maritime training	16,500		13,668	
Civil hydrographic surveys	4,444		5,615	
Weather bulletins and navigational warnings	781		761	
Other shipping industry services	476		327	
Research and development – grant related	286		-	
Pollution response	3,388		3,533	
Coastguard volunteers	3,361		3,291	
Emergency towing vessels	3,665		3,589	
Subscriptions to IMO and other international bodies	1,644		1,597	
Accommodation	11,158		12,163	
Information technology and telecommunications	20,689		18,174	
Travel, subsistence and hospitality	4,326		3,975	
Administration costs	5,447		5,409	
Service costs	4,965		5,299	
Staffing costs	2,169		2,495	
		83,299		79,896
Sub Total – Cash items		289,249		283,460
Non-cash items				
Depreciation and impairment charges				
Depreciation	9,700		8,543	
Amortisation	970		912	
Net revaluation (gains)/losses	4,948		(439)	
		15,618		9,016
Other operating expenditure				
Loss/(profit) on disposal of non-current assets		(60)		(1,032)
Purchase of goods and services				
Auditors' remuneration and expenses		77		80
Net provision (release)/expense				
Provisions released in year (net)	(344)		(4)	
Unwinding of discount on provisions	-		(20)	
Provision for bad/doubtful debt	95		117	
		(249)		93
Total non-cash items		15,386		8,157
Total other expenditure		304,635		291,617
Total operating expenditure		357,408		342,766

Operating expenditure reported above includes operating lease rentals incurred in purchasing these goods and services:

	2018-19	2017-18
	£000	£000
Search and rescue helicopters	56,378	55,532
Emergency towing vessels	1,907	-
Accommodation	2,398	2,716
Operating lease rentals	60,683	58,248

Finance lease charges amounting to £23,380 (2017-18: £29,450) are also included in Operating Expenditure under Accommodation.

SAR helicopters

The MCA provides all search and rescue helicopter services in the UK. Since 1 July 2017, the MCA has provided UK-wide services from ten bases operating solely under the UK Search and Rescue Helicopter Service (UK SAR-H) contract.

Services to the shipping industry

The Agency operates the Support for Maritime Training Scheme (SMarT) for maritime officer trainees. The Agency provided funding after costs in 2018-19 of £16,500,000 (2017-18: £13,668,000).

The Agency provided further services to the shipping industry as required by Merchant Shipping Acts and international conventions costing £5,701,000 in 2018-19 (2017-18: £6,703,000).

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

3. Income

	2018-19	2017-18
	£000	£000
Statutory services	9,071	8,090
Operational services	3,199	2,690
Other services	764	845
Other income (costs recharged)	42	34
Total revenue from contracts with customers	13,076	11,659
Other receipts	1,546	2,676
Grant income	247	-
Total other income	1,793	2,676
Total Income	14,869	14,335
Income retained by the agency	14,869	14,335

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

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

All our income is recognised at a point in time apart from £657,000 reported in other income.

Disaggregation

The disclosures below are shown by operating segment in line with IFRS 15 requirements

Operating segment 2018-19					Total Revenue
	Fee in advance	Deposit	Invoiced	Other	
Revenue received as:	£000	£000	£000	£000	£000
Maritime Safety & Standards	235	4,985	676	-	5,896
Maritime Operations	-	-	2,565	143	2,708
UK Shipping Register	3,392	885	-	117	4,394
Strategy & Corporate Services	-	-	-	78	78
Chairman and Chief Executive's Office	-	-	-	-	-
Total Revenue	3,627	5,870	3,241	338	13,076

4. Operating segments

The Agency is mainly 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, known as directorates, are based around the services provided. This follows IFRS 8 requirements.

In 2018-19, directorates and responsibilities within the Executive Team were re-structured as detailed in the Governance Statement. Financial information provided to the MCA Board was not changed but will be updated for 2019-20. Assets and liabilities are not reported at segment level. Each segment has a Director or Executive Team member providing representation on the MCA Board.

The Office of the Chairman and Chief Executive provides support to the Chief Executive and some centralised functions for the Agency.

Maritime Safety and Standards delivers survey, inspection, navigation safety, vessel and environmental policy services and has responsibility for maritime security. Income is received from the provision of some of these services.

Maritime Operations is responsible for HM Coastguard, Search and Rescue (SAR) operations on land, at sea, and counter pollution activities.

UK Ship Register provides vessel registration and seafarer services. It also provides services for large yachts through the Large Yacht Unit of the MCA. From December 2018, the directorate's responsibilities were shared between Maritime Safety and Standards and Maritime Operations.

Strategy and Corporate Services is responsible for the Finance, Corporate Governance, Health and Safety, Risk Management, Information Assurance, Corporate Development, Procurement Services, Information and Communication Technology, Estates Infrastructure, Human Resources and Shared Services teams within the Agency.

In November 2018, the Finance and Human Resources teams' responsibilities were removed from the directorate and reported to the Chief Executive. In January 2019, the Business Improvement and Assurance team, including Health and Safety and Risk Management and Procurement also began reporting to the Chief Executive and the Estates team to the Chief People Officer. The remaining teams moved to a newly formed Information and Technology Directorate.

Operating segment 2018-19	Staff costs	Other operating costs	Total operating costs	Operating income	Net operating costs
	£000	£000	£000	£000	£000
Maritime Safety & Standards	16,298	11,395	27,693	(6,272)	21,421
Maritime Operations	22,686	225,697	248,383	(3,047)	245,336
UK Shipping Register	4,430	17,939	22,369	(4,422)	17,947
Strategy & Corporate Services	7,736	48,563	56,299	(1,024)	55,275
Chairman and Chief Executive's Office	1,623	1,041	2,664	(104)	2,560
Total costs	52,773	304,635	357,408	(14,869)	342,539

Operating segment 2017-18	Staff costs	Other operating costs	Total operating costs	Operating income	Net operating costs
	£000	£000	£000	£000	£000
Maritime Safety & Standards	15,841	10,937	26,778	(5,272)	21,506
Maritime Operations	21,675	221,488	243,163	(2,790)	240,373
UK Shipping Register	4,029	15,223	19,252	(4,410)	14,842
Strategy & Corporate Services	8,103	42,901	51,004	(1,700)	49,304
Chairman and Chief Executive's Office	1,501	1,068	2,569	(163)	2,406
Total costs	51,149	291,617	342,766	(14,335)	328,431

5. Property, plant and equipment

2018-19	Land	Buildings	Information technology	Plant and equipment	Furniture and fittings	Transport equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
As at 1 April 2018	5,256	83,768	42,262	6,316	2,231	15,309	5,429	160,571
Additions	-	1,266	2,551	421	304	1,487	2,352	8,381
Disposals	(122)	(1,117)	(5,678)	(967)	(7)	(1,713)	-	(9,604)
Transfers	-	559	2,176	589	239	1,921	(5,484)	-
Reclassification	-	-	1,139	-	-	-	-	1,139
Revaluations	2,690	(26,282)	(29)	161	(3)	386	-	(23,077)
As at 31 March 2019	7,824	58,194	42,421	6,520	2,764	17,390	2,297	137,410
Depreciation								
As at 1 April 2018	-	37,857	22,163	3,200	631	10,186	-	74,037
Charge in year	-	2,609	5,499	457	249	885	-	9,699
Disposals	-	(936)	(5,678)	(967)	(7)	(1,713)	-	(9,301)
Reclassification	-	-	110	-	-	-	-	110
Revaluations	-	(19,228)	(34)	69	(1)	178	-	(19,016)
As at 31 March 2019	-	20,302	22,060	2,759	872	9,536	-	55,529
Net Book Value								
As at 1 April 2018	5,256	45,911	20,099	3,116	1,600	5,123	5,429	86,534
As at 31 March 2019	7,824	37,892	20,361	3,761	1,892	7,854	2,297	81,881
Asset Financing								
Owned	7,824	37,298	20,361	3,761	1,892	7,854	2,297	81,287
Finance Leased	-	594	-	-	-	-	-	594
Net Book Value								
As at 31 March 2019	7,824	37,892	20,361	3,761	1,892	7,854	2,297	81,881

A professional valuation as at 31 December 2018 of the Agency's land and buildings was made by I Lambert MRICS, RICS Registered Valuer and other staff of Hartnell Taylor Cook of Clifton, Bristol, in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Global Standards 2017 and the RICS UK National Supplement.

Net revaluation losses on buildings of £7,054,000 have been recognised as £4,990,000 in operating expenditure and £2,064,000 in other comprehensive net expenditure.

Analysis of net book value of buildings owned

	31 March 2019	31 March 2018
	£000	£000
Freehold buildings	29,167	35,306
Buildings and improvements on properties occupied under:		
Operating leases more than 50 years	1,500	3,443
Operating leases less than 50 years	6,631	6,123
Total owned buildings	37,298	44,872

Property, plant and equipment (continued)

2017-18	Land	Buildings	Information technology	Plant and equipment	Furniture and fittings	Transport equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
As at 1 April 2017	5,444	82,417	37,203	4,834	1,981	14,763	4,371	151,013
Additions	-	2,538	3,558	279	168	780	5,024	12,347
Disposals	(81)	(3,856)	-	-	-	(1,341)	-	(5,278)
Transfers	-	898	1,146	1,137	70	715	(3,966)	-
Reclassifications	(320)	(1,248)	-	-	-	(34)	-	(1,602)
Revaluations	213	3,019	355	66	12	426	-	4,091
As at 31 March 2018	5,256	83,768	42,262	6,316	2,231	15,309	5,429	160,571
Depreciation								
As at 1 April 2017	-	38,041	17,404	2,663	412	10,565	-	69,085
Charge in year	-	2,493	4,624	502	216	708	-	8,543
Disposals	-	(3,480)	-	-	-	(1,341)	-	(4,821)
Reclassifications	-	(589)	-	-	-	-	-	(589)
Revaluations	-	1,392	135	35	3	254	-	1,819
As at 31 March 2018	-	37,857	22,163	3,200	631	10,186	-	74,037
Net Book Value								
As at 1 April 2017	5,444	44,376	19,799	2,171	1,569	4,198	4,371	81,928
As at 31 March 2018	5,256	45,911	20,099	3,116	1,600	5,123	5,429	86,534
Asset Financing								
Owned	5,256	44,872	20,099	3,116	1,600	5,123	5,429	85,495
Finance Leased	-	1,039	-	-	-	-	-	1,039
Net Book Value								
As at 31 March 2018	5,256	45,911	20,099	3,116	1,600	5,123	5,429	86,534

6. Intangible assets

2018-19	Software developments	Software licences	Intellectual Property Rights	Under development	Total
	£000	£000	£000	£000	£000
Cost					
As at 1 April 2018	5,645	3,643	-	10,454	19,742
Additions	1,187	43	-	1,303	2,533
Disposals	-	(116)	-	-	(116)
Transfers	269	(136)	8,160	(8,293)	-
Reclassification	(1,139)	-	-	-	(1,139)
Revaluations	47	6	-	-	53
As at 31 March 2019	6,009	3,440	8,160	3,464	21,073
Amortisation					
As at 1 April 2018	1,355	3,115	-	-	4,470
Charge for year	511	117	343	-	971
Disposals	-	(116)	-	-	(116)
Transfers	34	(34)	-	-	-
Reclassification	(110)	-	-	-	(110)
Revaluations	14	3	-	-	17
As at 31 March 2019	1,804	3,085	343	-	5,232
Net book value at 1 April 2018	4,290	528	-	10,454	15,272
Net book value at 31 March 2019	4,205	355	7,817	3,464	15,841

The most significant assets by value reported are intellectual property rights valued at £7,817,000 and software assets used in providing the Channel Navigation Information Service valued at £2,310,000. No intangible assets are financed by lease arrangements.

2017-18	Software developments	Software licences	Development expenditure	Under development	Total
	£000	£000	£000	£000	£000
Cost					
As at 1 April 2017	4,461	7,747	-	5,091	17,299
Additions	1,204	138	-	5,393	6,735
Disposals	-	(4,191)	-	-	(4,191)
Transfers	30	-	-	(30)	-
Reclassifications	34	-	-	-	34
Revaluations	(84)	(51)	-	-	(135)
As at 31 March 2018	5,645	3,643	-	10,454	19,742
Amortisation					
As at 1 April 2017	690	7,122	-	-	7,812
Charge for year	685	227	-	-	912
Disposals	-	(4,191)	-	-	(4,191)
Revaluations	(20)	(43)	-	-	(63)
As at 31 March 2018	1,355	3,115	-	-	4,470
Net book value at 1 April 2017	3,771	625	-	5,091	9,487
Net book value at 31 March 2018	4,290	528	-	10,454	15,272

7. Capital commitments

	31 March 2019	31 March 2018
	£000	£000
Property, plant and equipment	1,308	847
Intangible assets	98	488
Total	1,406	1,335

8. Inventories

	31 March 2019	31 March 2018
	£000	£000
Stockpile goods		
Balance at 1 April	4,351	4,168
Net (loss)/gain on revaluation	(62)	183
Balance at 31 March	4,289	4,351

9. Assets classified as held for sale

	31 March 2019	31 March 2018
	£000	£000
Balance at 1 April	979	-
Reclassification from property, plant and equipment	-	979
Balance at 31 March	979	979

10. Trade receivables and other assets

	31 March 2019	31 March 2018
	£000	£000
Amounts falling due within one year		
Trade receivables	2,530	2,011
VAT receivables	447	934
Other receivables	229	200
Prepayments	4,183	4,891
Accrued income	1,525	1,217
Total current	8,914	9,253
Balances where movement does not pass through the Statement of Comprehensive Net Expenditure:		
Consolidated fund overfunding	-	959
Total current	8,914	10,212
Amounts falling due after more than one year		
Other receivables	55	76
Total non-current	55	76
Total current and non-current	8,969	10,288

11. Cash and cash equivalents

	2018-19	2017-18
	£000	£000
Balance at 1 April	335	4,072
Net change in cash balances	11	(3,737)
Balance at 31 March	346	335

The following balances were held at:

	31 March 2019	31 March 2018
	£000	£000
Government Banking Service	346	335
Total balances at 31 March	346	335

12. Trade payables and other liabilities

	31 March 2019	31 March 2018
	£000	£000
Amounts falling due within one year		
Other taxation & social security	4	1,091
Trade payables	619	1,509
Other payables	836	814
Accruals	37,246	42,406
Deferred income	3,152	3,348
Finance lease obligations	169	162
	42,026	49,330
Balances where movement does not pass through the Statement of Comprehensive Net Expenditure:		
Consolidated fund extra receipts	1,285	1,285
	1,285	1,285
Total current	43,311	50,615
Amounts falling due after more than one year		
Finance lease obligations	43	212
Total non-current	43	212
Total current and non-current	43,354	50,827

13. Provisions for liabilities and charges

	Early departure costs £000	Leasehold dilapidations £000	Other £000	Total £000
As at 1 April 2018	95	2,026	497	2,618
Provided in the year	-	80	201	281
Not required written back	(31)	(188)	(407)	(626)
Utilised during year	(64)	(13)	-	(77)
Balance at 31 March 2019	-	1,905	291	2,196
Current liability	-	410	291	701
Non-current liability	-	1,495	-	1,495
Balance at 31 March 2019	-	1,905	291	2,196

Analysis of expected timing of discounted cash flows:

	Early departure costs £000	Leasehold dilapidations £000	Other £000	Total £000
Within 1 year	-	410	291	701
2-5 years	-	336	-	336
6-10 years	-	113	-	113
Over 10 years	-	1,046	-	1,046
Balance at 31 March 2019	-	1,905	291	2,196

Future estimated costs have been discounted, where the effect of discounting is significant, at rates announced by HM Treasury Leasehold dilapidations cash flows over 10 years include £577,000 expected to be called within 50 years, £330,000 after more than 50 years and £139,000 after more than 75 years.

Early departure costs

The provision for early departure costs included 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 was responsible for meeting the pension costs of former staff until they reach the age of 60.

The provision also included exit packages expected to be paid under the Agency's modernisation and transformation programmes.

Leasehold dilapidations

The provision for leasehold dilapidations represents the estimated expenditure required to return leasehold rental properties to their original condition if this is a requirement of the lease. The estimates are subject to uncertainty regarding timing and the extent of works required.

Other

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

14. Commitments under operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	31 March 2019	31 March 2018
	£000	£000
Obligations under operating leases for the following periods comprise:		
SAR helicopter contracts		
Not later than one year	56,945	56,378
Later than one year and not later than five years	216,140	227,779
Later than five years	52,731	98,038
Total	325,816	382,195
Land		
Not later than one year	466	97
Later than one year and not later than five years	849	74
Later than five years	1,778	28
Total	3,093	199
Buildings		
Not later than one year	1,595	1,720
Later than one year and not later than five years	3,010	3,554
Later than five years	5,001	6,391
Total	9,606	11,665
Other		
Not later than one year	2,415	-
Later than one year and not later than five years	8,216	-
Later than five years	712	-
Total	11,343	-
Total obligations	349,858	394,059
Total commitments under leases		
Not later than one year	61,421	58,195
Later than one year and not later than five years	228,215	231,407
Later than five years	60,222	104,457
Total	349,858	394,059

SAR helicopter contracts & other obligations

Helicopter search and rescue services managed by the MCA are provided under SAR Helicopter contracts which include arrangements treated as non-cancellable operating lease commitments. Further details of these arrangements are disclosed at Note 2 Operating expenditure. Other obligations under contracts for Emergency Towing Vessels (ETV) and Aerial Surveillance (ASV) services with similar arrangements are treated in the same way.

15. Contingent assets

The Agency seeks to recover costs from counter pollution incidents. In some cases, it may take several years before cost recovery claims are settled and the Agency holds contingent assets pertaining to the future value of such claims. Due to the nature of the claims it is not 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. In 2018-19, the MCA recovered costs of £113,674 from claims made against the owners of several vessels (2017-18: £924,000).

16. Events after the reporting period

There have been no other significant events between the reporting period close and the date of these Financial Statements. These Financial Statements are laid before the 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 accounts are certified by the Comptroller and Auditor General.

17. Related party transactions

The Maritime and Coastguard Agency (MCA) is an Executive Agency of the Department for Transport (DfT). The DfT is regarded as a related party. During the year, 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.

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

18. Financial instruments

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



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ISBN 978-1-4741-4553-4



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