



Maritime &
Coastguard
Agency

2020-21

Maritime & Coastguard Agency

Annual Report and Accounts

Safer Lives | Safer Ships | Cleaner Seas

Maritime & Coastguard Agency

Annual Report and Accounts

2020-2021

*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 22 November 2021

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ISBN 978-1-5286-2976-8

E02666234 11/21

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of Her Majesty's Stationery Office

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Performance report

Non-Executive Chairman's introduction

I am pleased to present the Maritime & Coastguard Agency's Annual Report and Accounts for 2020-21.

I was appointed Non-Executive Chairman in April 2021 and the good work highlighted in this Report was overseen by my predecessors Michael Parker and (for a short time) Noel Shanahan. I thank them for their support in steering the Agency's work in what turned out to be a difficult year given the impact of the global pandemic.

The Maritime & Coastguard Agency can be proud of its work over the year ending 31 March 2021 against the background of a global pandemic. The UK ranked first in the Paris Memorandum of Understanding White List which compares flag state performance under international Port State Control arrangements. This is an outstanding achievement and shows the hard work that has gone into building the reputation of the UK Ship Register. That reputation was reinforced by the leading role the Agency played in highlighting the welfare of seafarers and the importance of shipping to keep trade moving. The Agency's in-depth knowledge of ship operations was a great support to the industry's efforts to get seafarers of all nationalities home for their own wellbeing, rest and recuperation. The Agency's reputation for expertise and excellence was further enhanced by its leading role in international discussions about greener fuels and emerging technologies.

During the coronavirus pandemic the Agency has continued to provide its dedicated Coastguard service, fulfilling our search and rescue commitments and responding to incidents with professionalism and expertise. The summer of 2020 was exceptionally busy as many lockdown restrictions were eased and the public flocked to our beaches and the coast. Our employed and volunteer Coastguards worked shoulder-to-shoulder with the other emergency services in the provision of mutual aid in support of the wider response to the pandemic. That included the provision of aviation support to the National Health Service to move patients, pro-active patrols of our busier beaches and coastal communities to reduce accidents and supporting efforts in some cases to disperse crowds.

The Agency can take huge pride in its people and how they have risen to the challenges of the past year. Their commitment to the work of the MCA is clear and is demonstrated by the high engagement score of 68% in the annual Civil Service People Survey and echoed in the successful award of the Silver Investors in People Award, which is a challenging externally assessed benchmark to achieve.

I thank everyone in the Agency for their work and support over the last year and I look forward to working with them to deliver the commitments in the Agency's external Business Plan for 2021-2022.

Christopher Rodrigues
Non-Executive Chairman

Chief Executive's foreword

The Maritime & Coastguard Agency's Annual Report and Accounts for 2020-21 captures our work in the last year, which was guided by an internal focus on the themes of Safety & Sustainability, Growth and Innovation. In particular, we took huge strides as a world leader in maritime innovation and supporting the UK maritime economy and employment.

The arrival of the coronavirus pandemic has provided our survey and inspection team with immense challenges. We used our best endeavours to survey and inspect as many vessels as possible. However, in line with government advice, our survey and inspection activities had to cease.

2020 was a successful year for the UK Ship Register, which was rated as top in the latest Paris Memorandum of Understanding league table of high performing Flag States. This demonstrated that the UK operates a quality Ship Register and will lead to reductions in the frequency of inspections undertaken of UK-registered vessels by other Flag States.

Despite the challenges of coronavirus, we have remained ready and prepared 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 33,000 incidents, sometimes in the most difficult of conditions. Our 3,500 volunteers in the community-based Coastguard Rescue Service have responded magnificently to emergencies and in support of other emergency services through mutual aid arrangements as part of the Government's response to the pandemic. We responded to high-profile incidents that go beyond the usual work of the Coastguard – one example was the lead role we took in rescuing people from the train derailment at Stonehaven in Scotland.

The British-built Leonardo AW189 helicopters have been operating from 10 bases across the UK and undertaking search and rescue activity. We provided a dedicated helicopter resource to support the National Health Service with the transfer of patients between hospitals as part of the pandemic response. Work on the next generation of our search and rescue helicopters is well under way and a competitive tendering exercise is under way; we are also working alongside the National Police Air Service to help them shape their future aviation needs.

Our Fixed Wing Aerial Reconnaissance service which supports our lifesaving search and rescue missions, as well as counter pollution activities, has responded to a number of high-profile incidents throughout the year. This new service has proven to be extremely valuable and is also being used to support our work on fishing vessel safety.

The Maritime & Coastguard Agency continues to be recognised as a high-performing Civil Service organisation with a staff engagement index of 68%. The results of our 2020 People Survey shows another drop off in the number of staff reporting bullying and harassment behaviours. This is hugely encouraging at a time of significant change for the Agency and an emphasis on more robust leadership along with the additional challenges that this year has brought. Our good people management has also been externally verified through our successful reaccreditation to the Investors in People Silver Standard.

Our Coastguard search and rescue functions were able to continue to operate throughout the pandemic and we maintained effective delivery of its 6 core functions, including during the busiest summer month on record. Since the outbreak of coronavirus, HM Coastguard has been significantly involved with offering mutual aid support to partner agencies through collaborative

working with Local Resilience Forums and partnerships throughout the UK. Our ship survey and inspection work halted as was our seafarer certification functions. Arrangements were made to keep ships and seafarers properly certificated. As we publish this document, many of our services are beginning to recommence activities and we anticipate that our customer facing services will begin to return to normal by the end of the year.

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. ***Our vision is to be a world-leading organisation, accelerating the transition to sustainable shipping with non-negotiable safety standards. We put our people, our customers and our planet at the heart of everything we do.*** That vision drives our commitment to safer lives, safer ships, and cleaner seas and we:

- produce legislation and guidance and provide safety checks and certification to ships and seafarers;
- provide 24-hour maritime and coastal emergency response throughout the UK;
- promote maritime safety, encourage growth, and protect the environment; and
- collaborate with the Department for Transport to deliver the Maritime 2050 Strategy.

A copy of our Business Plan for 2021-22 is available on Gov.UK. It includes objectives covering:

- Port State Control targets;
- Search and Rescue missions;
- maximising digital technology;
- the development of Future Technologies; and
- developing our people.

Our work has focussed on the themes of Safety & Sustainability, Growth and Innovation and how those contribute to the aspirations of the Maritime 2050 Strategy.

We recognise the governments aspiration to make all of central government's vehicles zero emissions by 2027.

Management Commentary

Our Governance Statement on page 35 describes our management arrangements and principal risks.

Our achievements in 2020-21



We responded to over 33,000 incidents, dealing with distress and 999 calls.

Our search and rescue helicopters were tasked 1,975 times from their 10 bases.

We have driven down the cost of key contracts.

The emphasis on the UK Drowning Prevention Strategy has seen fatalities around our coastline and waterways continuing a downward trend. We work alongside other National Water Safety forum member organisations to save lives around the coast and waterways.



There were 57 new ship registrations and at the end of March 2021 the UK Ship Register stood at 10.4m Gross Tonnage with 1,126 vessels.

We surveyed approximately 5,821 km² of seabed under the Civil Hydrography Programme.

We received 210 reports of wreck material.



In 2020, our network of MCA approved doctors conducted 38,567 medical examinations to check that seafarers were fit to work at sea, including 1,036 fishing crew.

Though our activities were affected by the coronavirus pandemic, we undertook 1,648 surveys and 1,728 inspections of UK ships. We carried out 428 Port State Control inspections on 423 ships and identified 949 deficiencies. 13 ships were detained.



The new UK Ship Register digital platform allows the registration and management of information.

Our new Aerial Reconnaissance Aircraft responded to search and rescue and counter pollution incidents. This aircraft started to check that those in commercial fishing are wearing personal flotation devices when working. Reports are followed up and action is taken.



We worked closely with the RNLI and others on public safety messaging that included advice to keep safe during the height of the coronavirus pandemic.

In the annual Civil Service People Survey, the Agency achieved an engagement index score of 68%. We secured reaccreditation to the externally assessed Investors in People Silver Standard.



Helicopter taskings year ending March 2021

Overall trends

Helicopter taskings during 2020-21 were 1,975 spread across our 10 bases. This was a drop by 17% from the 2,380 recorded the previous year. The Prestwick and Newquay bases had the most taskings, responding to 313 and 229 taskings respectively.

The coronavirus pandemic affected the profile of our helicopter taskings. Compared to 2019-2020, taskings decreased across the first, third and fourth quarters. However, the second quarter (July to September 2020) had 867 taskings, which was up from 764 in the same quarter the previous year.

Notable incidents year ending March 2021

Coastguard helicopters and planes have been involved in number of notable incidents during 2020-21. In August 2020, the Prestwick search and rescue helicopter supported the multi-agency response to the train derailment in Stonehaven, Aberdeenshire. The aircraft rescued one of the survivors from a particularly difficult area.

The Caernarfon search and rescue helicopter helped the local community after storms and flooding in North Wales on 22 January. Three people had been forced from their home after the River Dee burst its banks. They were trapped in rising flood water on the roof of their home. Our Caernarfon search and rescue helicopter undertook a very difficult rescue, battling against the elements and the conditions on scene. Three people and two dogs were winched to safety.

Our Coastguard planes have also been busy during 2020-21. While on patrol on 9 June, a Coastguard plane received a mayday call from a ship that had lost power. Using radar surveillance, the crew located the ship and directed a lifeboat to carry out a rescue.

Following the grounding of the MV KAAMI off the Hebrides on 23 March, our Coastguard planes supported our counter pollution effort to detect pollution on the water.

Our Coastguard planes also provide top cover to long range search and rescue incidents, such as on 27 March with the emergency rescue of a member of the Spanish fishing vessel MV FLECHA. At 215 miles to the west of the Scilly Isles, this pushed our search and rescue helicopter to the limits of range and safety top cover was provided by one of the Coastguard planes.

Mutual Aid Support during the Coronavirus Pandemic

Throughout 2020 and into 2021 Coastguard search and rescue helicopters provided additional support to the National Health Service (NHS) and others. Through the close cooperation of the health services, Civil Aviation Authority and Bristow Helicopters, our helicopter fleet was modified to carry coronavirus patients and isolation units. Coastguard search and rescue helicopters supported the ambulance service to move patients between hospitals. A dedicated search and rescue aircraft was made available to the NHS to move patients in England during the pandemic's second wave.

Additional support was provided to the Scottish Ambulance Service and NHS Grampian to move coronavirus patients from the Isle of Barra during an outbreak on the islands.

Delivering against our 2020-21 Business Plan

The Key Performance Indicators (KPIs) are directly linked to the MCA's strategic targets set out in the Business Plan 2020-21 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 who have management oversight of them and where risks and mitigations are identified.

Performance against the targets is set out below:

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| <p>MCA Digital Strategy</p> <p>Deliver the first iteration of all four parts of the strategic UK Ship Register with a new digital maritime platform, which has the potential to deliver multiple customer facing services.</p> | <p>30 September 2020</p> | <p>This KPI has been met.</p> <p>All four parts have gone live and are being used by the Registry of Shipping and Seamen. Part 3, Small Ships, has gone live and Parts 1,2 and 4 are in the public beta stage.</p> |
| <p>Publish a new website to promote HM Coastguard as a distinct emergency service with its own safety messages.</p> | <p>1 December 2020</p> | <p>This KPI has not been met.</p> <p>Work has begun on the content. Although the aim was to go out to tender in July/August 2020, due to the Government Communications Services restructure, we have had to pause the project.</p> |
| <p>Establish the foundations for an agency wide capability that will leverage the agency's data for insight in how to better conduct its business.</p> | <p>31 December 2020</p> | <p>This KPI has been met.</p> <p>The Agency has rolled out self-service analytics to most areas of the organisation and we are continuing to grow this new capability to allow analysis of data to derive new insights.</p> |

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| <p>Search and Rescue</p> <p>Our Maritime and Aeronautical Controllers will review all missions in the distress phase within 30 minutes. This will include assessment of the response, provision of guidance where needed and that a mission coordinator has been assigned in the initial stages of the incident. In:</p> | <p>90% of all cases</p> | <p>This KPI has been met.</p> <p>The MCA reviewed and took action within 30 minutes in 92.9% of incidents.</p> |
| <p>We will review 10% of incidents to which the national Search and Rescue 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:</p> | <p>10% of incidents</p> | <p>This KPI has been met.</p> <p>The MCA reviewed 16.7% of incidents in the national network. Lessons have been captured and learnt throughout the year using our Informal Mission Review and Post Mission Learning Report processes, including stakeholder feedback.</p> |
| <p>Other than because of the coronavirus pandemic, Coastguard Rescue Service teams available for duty, not stood down or otherwise unavailable for tasking:</p> | <p>98% of the time</p> | <p>This KPI has not been met.</p> <p>Availability for the year was 96%.</p> |
| <p>Aviation</p> <p>Other than because of the coronavirus pandemic, Search and Rescue Helicopters will be available to launch from each base location for at least:</p> | <p>98% of the time</p> | <p>This KPI has been met.</p> <p>Availability for the year was 99%.</p> |
| <p>Aerial Surveillance – Other than because of the coronavirus pandemic, our aerial surveillance service will be available to reach anywhere within the Exclusive Economic Zone within 120 mins from launch:</p> | <p>95% of the time</p> | <p>This KPI has been met.</p> <p>The Aerial Surveillance service reached the locations within 120 mins 95% of the time.</p> |
| <p>The first stage of the regulatory drone trials to conclude:</p> | <p>31 December 2020</p> | <p>This KPI has been met.</p> <p>The drone trials concluded in September 2020.</p> |

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| <p>Pollution Incident Response</p> <p>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</p> | <p>95% of cases</p> | <p>This KPI has been met.</p> <p>Counter Pollution and Salvage Officer was engaged in incident response within 10 minutes in 95% of cases.</p> |
| <p>UK Ship Register</p> <p>Focus UK Ship Register (UKSR) marketing on quality owners and quality vessels so that the average age of 90% of the internationally trading UK Flag ships greater than 500 gross tonnage has an age of:</p> | <p>10 years or less</p> | <p>This KPI has not been met.</p> <p>The average age is 12.91 years at 31 March.</p> |
| <p>We will improve our customer satisfaction survey scores</p> | <p>31 March 2021</p> | <p>This KPI has not been met.</p> <p>Delayed delivery of the customer satisfaction survey meant that there was no data available to benchmark scores.</p> |
| <p>To demonstrate that the UK operates a quality flag and so reduce the frequency of inspections of UK-registered vessels by other flag states, we will maintain the UK's position...</p> | <p>In the upper quartile of the White List</p> | <p>This KPI has been met.</p> <p>The UK was position in 1st place out of 40 on the Paris MOU White List at year end.</p> |
| <p>Our Flag and Port State Responsibilities</p> <p>We will monitor our Customer Satisfaction score and provide the best possible service during these difficult and uncertain times.</p> | <p>31 March 2021</p> | <p>This KPI has been met</p> <p>Our Customer Satisfaction score was 93%</p> |
| <p>Within the parameters of Ministerial and Parliamentary availability as a result of the coronavirus pandemic, implement all MAIB Recommendations with target dates within the reporting period.</p> | <p>31 March 2021</p> | <p>This KPI has been met.</p> <p>We met the target to implement MAIB recommendations with target dates within the reporting period that were not impacted by restricted ministerial and parliamentary availability caused by the coronavirus pandemic. During the reporting year we saw a net reduction of 3 recommendations, with 9 outstanding recommendations cleared and 6 new added.</p> |

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| <p>Use our best endeavours to meet the spirit of the European Directive requirement for Port State Control, taking account of the realities of the coronavirus pandemic</p> | <p>31 December 2020</p> | <p>This KPI has been met.</p> <p>The reporting period for Port State Control inspections is the calendar year 2020 and the MCA target was 1,315. As at 31 December we carried out 707 inspections and were within the target % miss rates. Routine MCA Port State Control inspections ceased on 16 March in line with coronavirus health and safety advice and resumed again on 28 September. All Priority One misses during the time Port State Control inspections were suspended and since we have resumed Port State Control activities, any misses have been justified.</p> |
| <p>Subject to the additional demands following the coronavirus pandemic, we will work with our oral examination candidates to offer the examination at the earliest opportunity</p> | <p>31 March 2021</p> | <p>This KPI has been met.</p> <p>Both Engineer and Deck Exam oral exams continue to be conducted remotely. As at 31 March we have carried out 1977 remote Deck exams and 797 remote Engineer exams.</p> |
| <p>To support the safety of the travelling public and those working on UK Fishing Vessels, we will undertake domestic passenger ship inspections and fishing vessel inspections</p> | <p>31 March 2021</p> | <p>This KPI has been met</p> <p>In line with Covid 19 Health and Safety Advice no survey or inspection work was carried out between 1 April and 19 July. Survey and Inspection activities resumed from 20 July in line with the survey and inspection backlog priority list. Port State Control inspections resumed from 28 September, were suspended again on 6 January and currently due to restart on 26 April. All other survey and inspection activities are under continuous review and domestic activity will continue.</p> |

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| <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 March 2021</p> | <p>This KPI has not been met</p> <p>We have missed the target of reducing fatalities over a 3-year period. The losses of fishermen are attributable to key strategic areas of the Fishing Industry Safety Group strategy – Man Overboard and stability. The reason for the upward trend is not known - to address it, alongside the work of the FISG groups, we will be increasing our focus towards our survey and inspection activity through targeted inspection campaigns and more robust enforcement action where non compliances are identified. We will introduce a new Code of Practice for small fishing vessels which will require all small fishing vessels (less than 15m) to meet stability requirements over a period of two years, which is currently not required.</p> |
| <p>Customer satisfaction</p> <p>We will encourage the completion of online satisfaction surveys on the Registry of Shipping and Seafarers and Seafarer Certification Services and deliver a customer satisfaction level of</p> | <p>85% and above</p> | <p>This KPI has been partially met.</p> <p>In 2020-21 the MCA received a response rate of 91% with 334/367 saying they received Excellent or Good service.</p> <p>This does not include the work on Vessel Registration, Seafarer Documentation and Licenses.</p> |

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| <p>Parliamentary Questions</p> <p>Provide a response within due date (in 24 hours)</p> | <p>100% of cases</p> | <p>This KPI has been met. 30/30 (100%).</p> |
| <p>Freedom of information</p> <p>Provide response within 20 working days in</p> | <p>93% of cases</p> | <p>This KPI has been met. 130/132 (98.5%).</p> |
| <p>Member of Parliament correspondence</p> <p>Provide a response within 3 working days in</p> | <p>100% of cases</p> | <p>This KPI has been met. 55/55 (100%).</p> |
| <p>Official correspondence</p> <p>Provide a response within 20 working days in</p> | <p>80% of cases</p> | <p>This KPI has been met. 23/23 (100%).</p> |
| <p>Prompt Payment</p> <p>Payment of invoices within 5 working days in</p> | <p>80% of cases</p> | <p>This KPI has been met. 85.47% of invoices were paid within 5 working days.</p> |
| <p>Agency Finance</p> <p>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.</p> | <p>Meet set targets</p> | <p>This target has been met. The MCA budgets revised through Supplementary Estimates were both underspent. The Resource budget of £372,170,000 was underspent by £1,751,000 (0.5%) and the Capital budget £26,520,000 was underspent by £2,575,000 (9.7%).</p> |
| <p>Our People</p> <p>Workforce</p> <p>We will increase our overall engagement index score as measured in the annual Civil Service People Survey to at least 68%, further cementing our position as a high performing organisation, by.</p> | <p>31 December 2020</p> | <p>This KPI has been met. The 2020 People Survey Employee Engagement Index was up 3% to 68% compared with both the 2018 and 2019 indexes. This is encouraging at a time of significant change for the Agency and an emphasis on more robust leadership combined with the additional challenges that this year has brought. The Civil Service average is 66% with DfT at 67%.</p> |

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| <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 of confidence that action has been taken by</p> | <p>31 December 2020</p> | <p>This KPI has been met.</p> <p>The 2020 People Survey figure for bullying and harassment shows that fewer people have experienced either or both. Our figure has dropped 5% this year from 14% to 9% (and from a high of 17% in 2017). Significant steps in a positive direction against a backdrop of firmer management and leadership, which we are encouraging whilst making it clear that such management should be delivered respectfully. The Agency is more in line with the Civil Service norm of 9% (2020 figures)</p> |
| <p>Black, Asian and minority ethnic (BAME) Representation</p> <p>With a particular emphasis on HM Coastguard roles, move towards BAME 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>This KPI has not been met.</p> <p>Whilst this KPI was not met we continue to work towards increased BAME representation as part of a holistic approach to developing an inclusive culture. Progress will be monitored through an internal set of related measures and indicators.</p> |

Financial Performance Analysis

The MCA is net funded through the Department of Transport supply estimate broken down by resource and capital expenditure 2020-21 amounting to £419.9million (2019-20: £382.4million).

In 2020-21 the Agency had total net assets of £58.3million, comprising total assets of £337.2million and total liabilities of £278.8million. Our non-current assets include property, plant and equipment and intangible assets of £102.9 million.

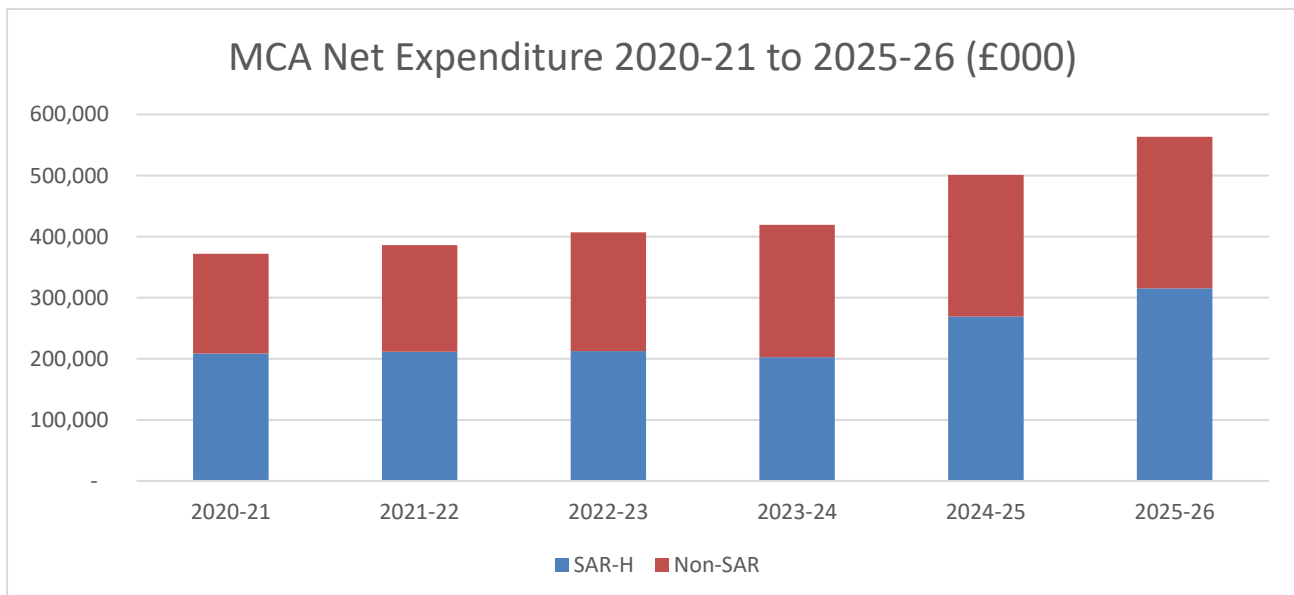
In year our capital expenditure was £23.0million (2019-20 £13.4million) which includes the requirements under IFRS16 incorporating costs for new leases agreed in year of £1.6million. Excluding the impact of IFRS16, the budget was mostly spent on installation of cockpit cameras for our search and rescue helicopters and on IT hardware and software.

Total operating expenditure has risen by £14.7million to £380.6million (2019-20: £365.9million). The main elements of the increase were staff costs £5.8million, Search and Rescue Helicopters £1.3million, pollution response £4.6million, Telecommunications and IT £2.8 million and Administration costs of £2million. These increases were partially offset due to the reduced expenditure on travel and expenses of £3.3million due to the coronavirus pandemic.

Total income has decreased by £1.7million to £13.7million (2019-20: £15.4million) reflecting £3.7m lower revenue from statutory services as a result of the coronavirus pandemic, the impact of which is partially offset by £2.3million increased other receipts from pollution recovery claims and rental income.

MCA Long Term Expenditure Trends

MCA net expenditure includes the UK SAR Helicopter services under the existing contract terms and also reflects the second-generation Search and Rescue contract due to commence from 2024-25. Expected expenditure trends in the graph below includes leasing cost profiles altered by IFRS 16 and the recently awarded contract for the replacement radio network infrastructure programme.



Safer Lives – preventing loss of life

As coronavirus restrictions were eased in the early summer of 2020, we saw an influx of visitors to the coast, which peaked in July and August. Over 34 million people took part in water sport events on the sea or at the coast in the UK in 2020¹, many more than in 2019. Although we are not responsible for beach and coastal safety, we want to see fewer search and rescue incidents and we work with others to promote a safety culture in commercial and recreational activities.

Coastal and water safety

On average, 400 people drown in the UK each year², with a further 200 people committing suicide in our waters³. The National Water Safety Forum's Drowning Prevention Strategy aims to halve accidental fatalities by 2026 compared to 2016. We have been working with the Forum to promote a consistent and collaborative approach to beach and water safety. That includes guidance for Local Authorities and beach owners to manage the safety of beaches:

<https://www.gov.uk/government/publications/managing-beach-safety> . The National Water Safety Forum has provided additional guidance: <https://www.nationalwatersafety.org.uk/advice-and-information/>

In 2020 we responded to 33,580 incidents, up from 31,234 in 2019. We provided Local Authorities and beach owners with data on local incidents to highlight risks in their area and take appropriate action such as lifeguards and safety signage.

The Agency fed into the work of the Cabinet Office's Beaches and Tourism Group that coordinates approaches to public safety. Our Communications team worked on campaigns with the RNLI to provide consistent safety messaging and raise awareness of dangers at the coast.

Other than in 2020, there has been a downward trajectory in accidental drownings nationally since 2016, but a marked increase in suicides. Our suicide support strategy offers training for Coastguard operators and volunteers who may be the first point of contact. We also have a support package in place following any traumatic incident.

To support community safety, we are working on a programme with the RNLI, bringing together our volunteers in local communities to share resources, and provide safety messages. During the coronavirus pandemic our volunteers have been working with local communities on mutual aid patrols and early warning for emergency responders through observation of the public at the coast.

We supply fatality data to the National Water Incident Database: www.nationalwatersafety.org.uk.

¹ Nursery Watersports Participation Survey, 2020 used a change in survey methodology from face to face to online which will have contributed to the large increase in numbers of participants.

² These 400 fatalities are non-commercial incidents.

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

Our public and media presence

The Agency has launched safety campaigns, ramped up its social media activity and featured in documentaries and news programmes.

Our social media profile is growing with audiences on Facebook, Twitter and LinkedIn climbing to 82,000, 57,200 and 48,700 followers respectively.

We feature in television programmes, raising our profile and communicating safety messages. We were showcased in a More4 documentary series 'Emergency Rescue: Air, Land and Sea'.

As part of our Maritime Services Directorate, the UK Ship Register has grown its online presence with LinkedIn followers increasing by 84% and website usage by 63%. The Digital UK Ship Register has 10,000 users. We have adopted new logos to improve our brand identities.

Messaging about beach safety reached 40 million people.

The first Home & Dry campaign for commercial fishing ran through July and August across social media, local radio and banners/posters around UK ports. The Fishing Industry Safety Group campaign, masterminded by the MCA and Seafish, signposted safety support, training and funding. 77% of the audience recalled seeing the campaign and 63% of them took some sort of action.

Setting international shipping standards

In January 2016, the International Maritime Organization (IMO) Instrument Implementation Code became mandatory for Member States. The Agency has a role to play in oversight and governance of all ships and territories flying the Red Ensign on behalf of the UK Government.

Our aim is to enhance co-operation between government departments in the UK, the Overseas Territories and Crown Dependencies. With our Red Ensign Group partners, we are working towards full compliance as a flag, port and coastal state with the requirements of international Maritime Conventions ready for audit by the International Maritime Organization.

Under the Government's Conflict Stability and Security Fund Programme, we provide additional support to the Overseas Territories to build sustainable capability and reduce contingent liability in the event of a maritime incident. We have advanced the training of local surveyors, and progressed legislation with the Attorney Generals and Maritime Administrations. Funding for pollution response equipment, search and rescue central alerting posts and training for responders has improved capacity within the Territories.

Safety of lives at sea

The Agency has continued development of non-regulatory measures to improve maritime safety and seafarer health and wellbeing. We published guidance on wellbeing at sea. The Human Element Advisory Group hosted a webinar on safety culture. At the International Maritime Organization, we supported a Resolution on Recommended Action to Facilitate Crew Change, Access to Medical Care and Seafarer Travel during the coronavirus pandemic

The UK's requirements for carriage of medical stores on board vessels have been reviewed to reflect the updated Ship Captain's Medical Guide and other developments.

We completed implementation of the 2018 amendments to the International Labour Organization's Maritime Labour Convention. We implemented a process to monitor seafarers on UK ships working beyond their contracted dates due to the travel restrictions imposed by the coronavirus pandemic and issued guidance to shipowners.

Search and Rescue coordination

We provide a round-the-clock emergency response search and rescue coordination service for the UK coast and surrounding waters out to the mid-Atlantic. During the year our Coastguard search and rescue coordination network responded to over 33,000 incidents, dealing with distress and 999 calls, tasking lifeboats, helicopters, other ships in the vicinity, other emergency authorities and volunteer coastguard rescue teams.

Coastguard Rescue Service

Our Coastguard Rescue Service comprises on average 3,500 volunteers in 308 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, water (including flood), mud and cliff rescue. The volunteers are led and managed by 102 employed operational staff.

We remain committed to supporting the UK Coastal local resilience forums, which plan and prepare for and respond to localised or national significant incidents and major emergencies. We play our part as a category 1 responder.

UK Second Generation Search and Rescue Aviation Programme (UKSAR2G)

UKSAR2G is the second-generation programme that will take account of how the current helicopter service has evolved. We will work from first principles to develop a more tailored and modern means of delivering vital search and rescue capabilities in a more cost-efficient and innovative way.

From March 2020 to February 2021, extensive market engagement took place. The procurement process launched in March 2021 and it is anticipated a contract will be awarded to the successful bidder or bidders in the second half of 2022. The new service will start in September 2024. The transition will take place between 2024–2026.

Fixed Wing Aerial Reconnaissance Service

Our aerial reconnaissance service completed 1,750 flying hours between April 2020 and February 2021. Over the spring and summer months a significant number of hours were flown to locate small boats crossing the English Channel as a proactive search and rescue measure. Other taskings included counter pollution sorties, search and rescue, and patrols to enforce compliance with the wearing lifejackets in the fishing industry. Other government departments used the service to support fisheries enforcement.

Drone Demonstration and Development Pathfinder Project

The MCA launched this project to explore and develop the safe use of drones Beyond Visual Line of Sight in UK airspace without the need for special permissions. In a phased approach, the project sought to identify and overcome technical, operational, and commercial barriers. The use of drones in support of search and rescue, counter pollution, and maritime aerial observation operations could increase overall efficiency and reduce the risk to our people. Trials were successfully completed in September 2020.

Radio Network Infrastructure Replacement Programme (RNIR)

Telent Technology Services Ltd were announced as the successful strategic partner for this programme and have started installing a brand-new fibre-based hybrid radio network. The network will connect 165 remote radio sites around the UK to our Coastguard Operations Centres with increased security, resilience, and bandwidth.

Blue Light Technical Transformation Programme

We have launched the Blue Light Technical Transformation Programme to stabilise, sustain and completely transform our blue light emergency information technology. By 2024 the Programme will deliver better command and control and incident management, an upgraded telecommunications system, improved business continuity arrangements, and a new search and rescue planning system.

Safer Ships – improving maritime safety

The UK relies on shipping for about 95% of our imports and exports⁴. A safe environment for ships and professional seafarers supports growth by facilitating trade and a vibrant maritime sector.

Setting standards

By setting standards and producing guidance, we create a level playing field for the UK maritime sector and influence ships operating in UK waters and seafarers on UK ships to follow best practice. We work in partnership with colleagues across Government and key stakeholders to negotiate international maritime policies, regulations and technical standards, principally at the International Maritime Organization and the International Labour Organization

The following Regulations were introduced:

- Merchant Shipping (Port State Control and Prevention of Pollution from Noxious Liquid Substances in Bulk) (Amendment) Regulations 2020
- The Merchant Shipping (Prevention of Pollution of Garbage from Ships) Regulations 2020
- The Merchant Shipping (Prevention of pollution by Sewage) Regulations 2020
- The Merchant Shipping (Safety of Navigation) Regulations 2020
- The Merchant Shipping (Standards for Passenger Ships on Domestic Voyages) (Miscellaneous Amendments) Regulations 2020
- Implementation of parts of SOLAS (Ch III) Convention on Life Saving Appliances

We also published the following Codes of Practice:

- The International Safety Management Code (MSIS 2)
- Code of Safe Working Practices for merchant seafarers
- Workboat code
- Small craft codes

Monitoring and enforcing standards

By monitoring compliance with UK policies, regulations, technical standards and international requirements, we provide an assurance of safety, protection of the environment and the health and welfare of seafarers. We take appropriate and proportionate enforcement action when required.

Though our activities were affected by the coronavirus pandemic, we undertook 1,648 surveys and 1,728 inspections of UK ships from April 2020 to March 2021. We carried out 428 Port State Control inspections. We carried out 11 inspections of roll-on roll-off passenger ferries and passenger high speed craft operating between the UK and Europe and found 40 deficiencies requiring corrective action. We completed 252 inspections for compliance with the International Marine Pollution Convention's Air Pollution requirements. Our fuel sampling and testing contractor tested 39 samples, all of which were compliant.

We authorise six Recognised Organisations, which are members of the International Association of Classification Societies, to carry out a proportion of our statutory survey work. For smaller vessels that operate under Codes of Practice, we have authorised 10 Certifying Authorities to survey and issue certificates on our behalf. We undertake a risk-based audits of their offices and surveyors.

When necessary, we undertake enforcement action. Last year, we investigated 202 new cases and

⁴ Focus on Ports 2006 (DfT)

conducted three prosecutions. Other enforcement sanctions are also used.

UK Ship Register & The Red Ensign Group

As part of our Directorate of UK Maritime Services, the UK Ship Register maintains international standards. During 2020-21, there were 57 new ship registrations (1073k Gross Tonnage (GT)) and at the end of March 2021 the UK Flag stood at 10.4m GT with 1,126 vessels. The total tonnage on the Register decreased by 0.02%. The UK Flag stood at 21st largest in the world by tonnage. It is the 9th largest in Europe

The UK was ranked first in the list of top performing Flag States in the Paris Memorandum of Understanding on Port State Control. We are in the top quartile of the Tokyo Memorandum of Understanding list of Quality Flag States. The UK also retained United States Coast Guard's Qualship 21 award for exemplary safety management.

As part of the Flag offer, the UK Ship Register expanded its international footprint and launched a Greek sales operation.

The Red Ensign Group Responsible Flag'. An overall strategy will be defined and deployed in 2021-22 and beyond. is made up of the UK, nine Overseas Territories and three Crown Dependencies, each of which operate their own British ship register. Any vessel on these registers is a 'British ship'. The British flag amounts to 43.5 million Gross Tonnage. Taking account of all the territories able to fly the Red Ensign, British shipping is the 5th largest fleet internationally. We work collaboratively to ensure all ships flying the Red Ensign are maintained and operated to the highest standards. Monitoring visits check that maritime standards are maintained. The MCA undertook checks on the Administrations of Gibraltar and the British Virgin Islands.

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 43,000 seafarers hold UK Certificates of Competency or Certificates of Equivalent Competency. In 2020-21 we issued about 3,000 Notices of Eligibility and over 9,000 Certificates of Competency and Certificates of Equivalent Competency. We also issued around 560 Boat Master's Licences for commercial operations on inland waterways.

Safety of Navigation

To meet the UK international obligations under Chapter IV and Chapter V of the Safety of Life at Sea (SOLAS) Convention 1974 and Convention on the International Regulations for Preventing Collisions at Sea 1972, we:

- implement SOLAS Chapter IV and V ship obligations in UK regulation;
- manage 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;
- manage and deliver the UK Marine Weather Service (MWS), in collaboration with the Met Office and the BBC, ensuring that suite of shipping forecasts and warnings and Maritime Safety Information (MSI) are communicated to sea-users;
- maintain close liaison and contacts with the DfT, and UK and Ireland General Lighthouse Authorities (GLA) to ensure delivery of a modern, reliable and economic Aid to Navigation (AtoN) service to assist the safety of all classes of mariners in general navigation;
- engage with the development and maintenance of around 150 international navigation and radio equipment standards, as well as provide policy and guidance for the carriage and use

of navigational and radio equipment on board ships;

- implement and monitor traffic routing and reporting measures to assist safe navigation and improve the provision of navigation and weather-related advice information to the mariner by means of MSI and appropriate E-navigation implementation; and
- co-ordinate the UK's Long-Range Identification and Tracking Data Centre.

In addition to meeting the UK SOLAS obligations we provide advice to other Government organisations on marine licensing, planning, and marine protected areas, offshore renewable energy installations, autonomous shipping, maritime cyber security and matters affecting maritime radio spectrum. We are also advising those in the space industry where their activities impact shipping.

We maintain the Consolidated European Reporting System that manages the flow of reporting data from vessels arriving in the UK, transmitting it to the European THETIS system to inform our ship inspection regime. Information is also supplied to other government departments such as Border Force and the Office of National Statistics.

With UK Hydrographic Office, the MCA funds and manages the Civil Hydrography Programme. We also fund and manage the UK Marine Weather Service, in partnership with the Met Office, as the UK National Meteorological Service, the BBC, and the Public Weather Service Group.

Eight Port Marine Safety Code health-checks have been conducted and we have worked with other government departments and industry to improve the application of the Code and its Guide to Good Practice. We published a report highlighting emerging trends in compliance with the Port Marine Safety Code. We recognise and approve Vessel Traffic Services in the UK and monitor compliance with international standards.

We receive over 1,000 applications for new UK radio transmitters annually. Each is reviewed to avoid harmful impact to maritime radiocommunications and safety. We engage with international forums on issues including; electronic chart implementation; Global Maritime Distress and Safety System modernisation; international provision, use and protection of maritime radio spectrum; and bridge navigation and radiocommunications product performance and test standards.

Maritime Future Technologies

Our work on Maritime Future Technologies drives and supports the implementation of cutting-edge innovation in both emission reduction and autonomous shipping across the Maritime sector. Projects and proactive engagement provide an interface between innovation in industry and regulatory and policy teams.

Our efforts will enable the implementation of emerging technologies through the regulatory framework and accelerate the transition to sustainable shipping. The Agency is becoming a centre of expertise, working with industry and academia to position the UK as a world leader in emerging technologies. We support initiatives such as the Clean Maritime Demonstration Competition.

Cleaner Seas – protecting the environment

The UK is a signatory to international conventions that place duties on contracting parties to protect the marine environment, including:

- The United Nations Convention on the Law of the Sea;
- International Convention on Oil Pollution Preparedness, Response and Co-operation;
- International Convention Relating to Intervention on The High Seas in Cases of Oil Pollution Casualties (The Intervention Convention);
- The Convention on The Prevention of Marine Pollution by Dumping of Wastes and Other Matter (the London Convention).

With around 17,000 kilometres of coastline, the UK has one of the longest in Europe. The UK Exclusive Economic Zone encompasses a sea area of some 773,000 square kilometres with offshore oil and gas infrastructure and some of the world's busiest shipping lanes. Whilst oil pollution is a major source of environmental damage, vessels transporting other hazardous and noxious substances also present a pollution risk. The scale of actual marine pollution continues to fall. The risks of marine pollution remain and are proactively managed.

Counter Pollution

As part of Her Majesty's Coastguard, the MCA's Counter Pollution and Salvage function leads on the maintenance and implementation of the UK's National Contingency Plan for Marine Pollution from Shipping and Offshore Installations. We manage preparedness for and response to all marine pollution within the UK Exclusive Economic Zone.

We investigated over 380 shipping casualty incidents and 375 pollution reports. We reviewed 197 satellite surveillance reports detailing potential at sea. Alongside the Offshore Petroleum Regulator for Environment and Decommissioning, we considered over 1,000 Petroleum Operational Notice reports, taking action where necessary.

Receiver of Wreck

The Receiver of Wreck administers 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. We received 210 new reports of wreck material were and 423 existing reports were closed. A backlog of cases (open beyond their statutory year) has been reduced from 1,417 cases to 1,261. Receiver of Wreck dealt with 140 reports of stranded dolphins, porpoises, whales and sturgeon in 2020 under the Prerogative for Royal Fishes. A new online reporting facility has been launched.

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

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

Under the SOSREP's oversight, the MV KAAMI incident was successfully concluded in May 2020. The operation to remove onboard pollutants and cargo from the grounded vessel and to safely tow her to a dry dock and dismantle for recycling took 43 days. Twenty-five Salvage Control Unit meetings were held in response to the incident. The SOSREP and other stakeholders would usually mobilise close to the scene. However, due to coronavirus restrictions, the entire incident was overseen remotely. In October 2020, the SOSREP provided support to the multi-agency response to the security incident involving suspected stowaways on board the tanker NAVE ANDROMEDA off the Isle of Wight. In February 2021, the SOSREP provided support to Clyde port during an incident involving the laid-up drill ships VALARIS DS-4 and ENSCO DS-8. Between April 2020 and March 2021, there were 19 incidents which required SOSREP involvement.

Our people

Despite the coronavirus pandemic, we have delivered the majority of our targets. Our workforce has had to regroup and work differently. Many have continued to work in our Coastguard Operations Centres and some administrative sites, and we made sure that those working environments were safe and secure. Other colleagues have worked remotely and remained committed to the services we provide. Leaders and managers in the Agency have kept in touch with their teams to keep them inspired and motivated.

Our 2020 Civil Service People Survey highlighted another drop in the number of staff reporting bullying and harassment behaviours – this is down to 9%, a 5% drop from 2019. This is a significant step in a positive direction against a backdrop of firmer management and leadership, which we are encouraging.

We celebrate the excellent work our people do through blogs in our in-house communications. We have introduced a digital magazine called Coast-To-Coast to highlight the Agency's breadth of work for our own people and our customers and stakeholders.

We issue certificates to mark long service, we use our Recognising Positive Impact scheme, instant reward vouchers and Chief Executive's Awards to recognise outstanding work and exemplary behaviours. We also use the formal Honours process to nominate exceptional staff and volunteers for national awards, including the Merchant Navy Medal.

Our Inclusion Champions uphold our commitment to promote good practice in diversity and inclusion. We are committed to equality of opportunity in recruitment, development and promotion. We have reviewed our approach to advertising jobs to ensure that they are not gender biased. We are developing an action plan to improve our performance in terms of promoting diversity of thinking, and more generally on culture and behavioural change focused on improved safety and inclusive behaviours. Our approach is to develop our inclusive behaviours which will in turn secure greater diversity in the MCA.

We encourage job applications from people with disabilities. Where individual candidates can demonstrate that they meet the essential requirements of a role we will guarantee them an interview under the Disability Confident Scheme. Employees who may become disabled can be supported by reasonable adjustments to enable them to work, develop and progress.

Learning and development activity included:

- leadership and management development programmes; and
- apprenticeships at all levels.

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 under collective bargaining procedures. Trade Union representatives have appropriate facility time to carry out their duties and consultation over changes to working practice or procedures is encouraged. Good relationships are promoted through our Joint Negotiation and Consultation Committee.

Health and Safety

Management Arrangements

We are refining our Health and Safety policies, plans and arrangements. Regular reports are discussed at management meetings including the Executive Team and Agency Board. Health & Safety is an agenda item at all team management meetings. The performance of the Agency's safety management system is measured by internal audits, the analysis of accidents and near misses and the analysis of sickness absences. Significant changes in performance are reported to the Agency's top management groups.

Our focus is on behavioural safety rather than processes and procedures. The National Health and Safety Committee will be restructured to support that shift in emphasis.

Occupational Health & Safety

We continue to strive for improvements in occupational health and wellbeing including pressure and stress management. We have introduced a range of support tools covering personal wellbeing and the management of pressure and prevention of work-related stress.

Improvements from last year's plans

The following improvements were successfully delivered in 2020-2021:

- Development of and regular review of a response plan to the coronavirus pandemic and providing support to the work from home Government strategy.
- Establishing and maintaining coronavirus secure workplaces for critical functions and activities.
- Recruitment of a new Head of Health and Safety to deliver a safety behaviour and cultural change programme.
- Provision of training including
 - basic health & safety training for new starters,
 - first aid and fire warden training,
 - bespoke training for building custodians,
 - general safety training delivered to Coastguard and Surveyor foundation courses,
- Provision of a simplified monthly reports and attendance at the MCA monthly Executive Team meeting to deliver supporting narrative.

Attendance Management

The Agency's sickness absence rate is monitored and reported corporately. The MCA's management information system provides managers at all levels with the ability to monitor and analyse the sickness absence in their areas of responsibility. Sickness absence including those related to coronavirus are discussed at management meetings.

Training

The 'first 100 days' Induction training for new staff includes site specific introduction for health and safety arrangements, including general and fire safety, first aid and welfare arrangements. Civil Service required learning for all staff also includes health and safety requirements including fire safety and manual handling training if required.

Sustainable Development

We are embedding sustainable development to live within environmental limits, support a strong, healthy and just society, achieve a sustainable economy, practise sustainable procurement and promote good governance.

Overview

We are committed to the targets in the Greening Government Commitments Agenda. The existing published greening targets concluded on 31 March 2021. New targets to 31 March 2025 have been proposed and await final approval. The baseline will use 2017-18 data. The Agency is committed to supporting the wider drive towards the UK net zero commitments by 2050.

The following table provides a high-level overview our performance for 2020-21 in relation to Government Greening Commitments.

| | Baseline Value | Target Value | Required Reduction | Achieved Level 2020-21 |
|--|----------------|--------------|--------------------|------------------------|
| Cut greenhouse gas emissions by at least 36% from a 2009-10 baseline. (tonnes Co2e generated from electricity and gas consumption across the estate) | 5,711 | 3,883 | 1,828 | 4,348 |
| Reduce the amount of waste going to landfill to less than 10% (achieved at baseline) | 0 | 9.99 | 0 | 0 |
| Reduce government's paper use by at least 50% from a 2009 to 2010 baseline (A4 reams purchased) | 7,167 | 3,583 | 3,584 | 1,270 |
| Reduce overall water consumption by 9% against 2009-10 baseline, ensuring continuous improvement where this level has already been achieved. (converted kg Co2e) | 5,160 | 4,696 | 464 | 3,174 |
| Reduce the number of domestic business flights by at least 30% from the 2009 to 2010 baseline | 2,240 | 1,568 | 672 | 339 |

Water

Our water conservation comprises individual targets based on utilisation of the estate, and more general practical measures aimed at reducing overall consumption, including detection and action should any leaks be suspected or detected through bill validation.

Flights

In line with the Greening Government Commitments Framework the Agency had a specific target to reduce domestic flights against a 2009-10 baseline. Reducing the number of domestic flights taken has represented a specific challenge for the Agency due to the operational nature of our organisation. The agreed approach to this is a combination of challenging specific travel and promoting technology as an alternative to travel. This approach has delivered an overall reduction against the baseline. Given the difficulty this target presents for MCA an exemption for operational flights has been granted under the new Government Greening Commitment framework.

The MCA Estate Reducing Energy Consumption and Waste

The MCA's estate comprises just under 500 sites around the UK, many in remote locations. The diverse nature of the estate means that properties vary greatly in size, age, condition and location. There are short and long-term plans to achieve the required target reductions. We plan to deliver a streamlined, sustainable and highly effective estate.

Climate Change Adaption

The Agency 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, and
 - 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 focusing on waste avoidance and waste management targets. We will also promote the use of Hybrid and electric cars as part of our hire car contract and further extending the use of pool hire cars and the more efficient car club vehicles 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

Handwritten signature of Brian Johnson, consisting of the initials 'JBH' followed by a stylized signature.

04 November 2021



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 35). The composition of the Board, including advisory and non-executive members, during the year is shown below:

Michael Parker, the **Non-Executive Chairman** until 28 February 2021.

Brian Johnson, the **Chief Executive**, the Agency's Accounting Officer, responsible for Risk Management, Business Improvement and Assurance (including Health & Safety and audit until January 2021) and the Senior Information Risk Owner (SIRO) until February 2021.

Katy Ware, the **Director of UK Maritime Services** (renamed from Director of Maritime Safety & Standards, and UK Ship Register). 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 holds responsibility for the safety of the United Kingdom domestic passenger ship and fishing fleet as well as the United Kingdom Navigational safety regime and Civil Hydrography Programme. She is also responsible for seafarer services and audit of MCA approved Nautical Colleges and training providers. She is also responsible for the UK Ship Register; attracting owners of quality ships to the United Kingdom flag to secure its long-term commercial growth and success, and delivery of front-line services including vessel registration.

As Permanent Representative of the United Kingdom to the International Maritime Organization (IMO), she is responsible for the oversight and negotiation of United Kingdom policy and interests in relation to international maritime matters within the IMO and European Union.

Claire Hughes, the **Director of HM Coastguard**. Her key responsibilities were the delivery of the six internationally recognised Coastguard functions through the national network of Coastguard Operation Centres, the volunteer Coastguard Rescue Service, Aeronautical Rescue Coordination Centre and Search and Rescue Helicopter provision.

Matthew Briggs, the **Acting Chief People Officer** until being formally appointed on the 21 September 2020. In recognition of his responsibilities his role was re-titled to **Director of HR, Estates and Health & Safety** from the 1 January 2021. His key responsibilities were Human Resources, Learning and Development, Estates Infrastructure and, from the 1 January 2021, Health & Safety.

Damien Oliver, the **Commercial and Programmes Director**. His key responsibilities were the Senior Responsible Owner for the major aviation and coastguard radio network Infrastructure programmes, and overall management and leadership of the procurement function.

Matthew Reynolds, the **Director of Information and Technology (I&T)**. His key responsibilities were Information and Communications Technology, Information Assurance and delivery of the I&T Transformation Programme.

Jane Jackson, the **Chief Financial Officer** and a member of the Board until 21 June 2020. Her key responsibilities were Corporate Governance, Financial Controls, Fraud & Whistleblowing and Shared Services.

Chloe Bowes, the **Director of Finance and Audit** from 1 January 2021. Her key responsibilities were Corporate Governance, Financial Controls, Fraud & Whistleblowing, Shared Services and

Internal Audit & Assurance.

Richard Wilson, the **Head of the Office of the Chairman and Chief Executive**. His key responsibilities were Strategic Planning, Performance Management, Communications and UK Maritime Regulatory Compliance and Investigations. He was SIRO from February 2021.

The **Non-Executive Directors** were **Sarah Parker** and **Nigel Pusey** who served from 29 June 2020, and **Noel Shanahan** who was also **Acting Non-Executive Chairman** from 1 March 2021.

Representatives from the Department for Transport (DfT), who attended the board on behalf of the DfT Sponsorship Team for Maritime, were as follows: **Petra Wilkinson** April to September, **Stephen Benzie** October to December and March, and **Daniel Ashley** in February.

Statement of Accounting Officer'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.

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 confirms as required that, as far as they are aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer also confirms that the Annual Report & Accounts as a whole is fair, balanced and understandable, and that they take personal responsibility for the Annual Report & Accounts and the judgements required for determining that it is fair, balanced and understandable.

The designation of Accounting Officer was transferred to the Maritime and Coastguard Agency Chief Executive from Department for Transport in 2010. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in Managing Public Money published by 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 Aviation, Maritime, International and Security. I am responsible to the Secretary of State as detailed in the Agency's Framework Document.

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

This Governance Statement details the arrangements in place for the financial year 1 April 2020 to 31 March 2021. 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 2020-21 Business Plan are captured elsewhere in the Annual Report and Accounts.

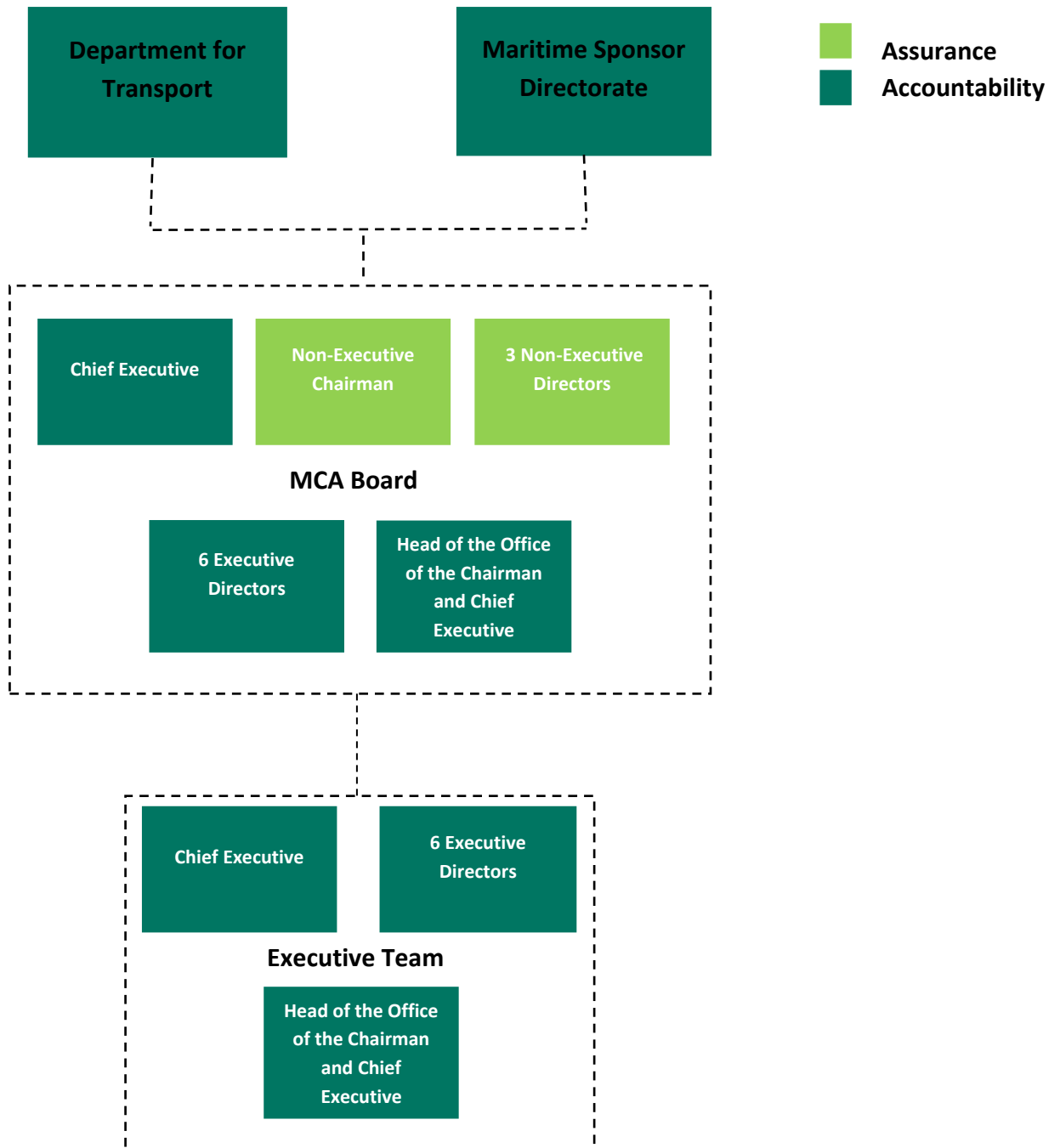
Agency Management

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 2017. An external Governance review of compliance against the Code was not conducted within this reporting period.

The Agency's accountability to the Secretary of State for Transport is exercised through a Sponsorship Board, which meets quarterly under the chairmanship of the Director General Aviation, Maritime, International and Security. A representative of the Scottish Government attends this Board to contribute on strategic issues of specific relevance to Scotland. Internally, the Agency is managed by its Board and an Executive Team. A register of private interests is maintained for members and a standing agenda item at meetings allows members to declare any private interests which may conflict, or may be perceived to conflict, with their public duties. The Agency Board is chaired by the Non-Executive Chairman and has both strategic and business oversight responsibilities supported by the Executive Team who meet monthly to make decisions on strategic issues. Directors may also directly raise issues emanating from their own Management Boards which focus on the management of the Agency.

In terms of information assurance and data control, the Security Working Group is a quarterly Board and is chaired by the Senior Information Risk Owner. The Senior Information Risk Owner is responsible for assuring the maintenance of a culture of good information management and continuous review of the effectiveness of extant security policy. 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 Agency's high-level management structure is set out as follows:



MCA Board attendance

| Board Attendance | Title | Number of meetings attended |
|------------------|--|-----------------------------|
| Michael Parker | Non-Executive Chairman | 10/10 |
| Brian Johnson | Chief Executive Officer | 10/10 |
| Katy Ware | Director of UK Maritime Services (renamed from Director of Maritime Safety & Standards and UK Ship Register) | 10/10 |
| Claire Hughes | Director of HM Coastguard | 10/10 |
| Matthew Briggs | Director of HR, Estates and Health & Safety | 10/10 |
| Damien Oliver | Commercial and Programmes Director | 10/10 |
| Matthew Reynolds | Director of Information and Technology | 10/10 |
| Richard Wilson | Head of the Office of the Chairman and Chief Executive | 6/10 |
| Jane Jackson | Chief Financial Officer | 2/2 |
| Chloe Bowes | Director of Finance & Audit | 2/2 |
| Noel Shanahan | Non-Executive Director | 10/10 |
| Nigel Pusey | Non-Executive Director | 8/8 |
| Sarah Parker | Non-Executive Director | 8/8 |
| Petra Wilkinson | DfT Maritime Sponsorship | 4/5 |
| Stephen Benzies | DfT Maritime Sponsorship | 4/4 |
| Daniel Ashley | DfT Maritime Sponsorship | 1/1 |

Note: Stephen Benzies and Daniel Ashley worked on a job-share basis

Risk Management and Governance

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

Principal Risks in 2019-20

At the end of 2020-21, 11 risks were being actively managed on the corporate risk register including risks associated with the safety of migrants crossing the English Channel, potential for loss of critical Coastguard systems and wider cyber security, the national radio service, outstanding Marine Accident Investigation Branch (MAIB) recommendations, Grandfather Rights, contingent liability on UK Government following any maritime disaster within a UK Overseas Territory or Crown Dependency and the International Maritime Organization Instruments Implementation Code (IIC) audit detailed in the Priority Concerns section below. Other key risks were:

Not enough focus on safety behaviours resulting in potential for serious accidents to occur

– a plan is in place and an Interim Safety Manager with a focus on behavioural safety has been appointed to lead implementation and risk reduction with a target date of January 2022.

Business continuity planning proves inadequate – in response to the coronavirus pandemic the Agency successfully implemented its business continuity plans and continued to discharge its responsibilities in support of the maritime industry and the general public. Our modern information technology infrastructure enabled over half of our staff to work from home and delivered additional capability to secure the protection and function of the national HMCG network. Advice was issued to operators and seafarers who continued to work within the maritime sector and pragmatic solutions were implemented for survey and inspection work, including extensions to certification, to allow the industry to continue to support the UK and wider economies.

The replacement Enterprise Resource Planning (ERP) system does not meet MCA needs or deliver anticipated business benefits – The Future of Shared Services Programme will deliver a replacement ERP system for the DfT family. MCA subject matter experts are actively engaging with the programme to represent the Agency's views and requirements in order to ensure the system meets business needs.

Priority Concerns in 2020-21

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

The safety of migrants crossing the English Channel to the UK – A significant risk to life is posed by migrants traversing the English Channel to the UK in un-seaworthy or overloaded craft. We are committed to safeguarding life around the seas and coastal areas of the UK. HM Coastguard will rescue those in trouble and bring them safely to shore where they will be handed over to the relevant partner emergency services or authorities.

Loss of critical coastguard services, including wider cyber security risk – there is a risk that critical Coastguard services may be lost due to a cyber-attack or infrastructure failure. This could result in various levels of operational impact, some of which would be serious. Threats are continually monitored; a program of work ensures Coastguard and wider systems are maintained to mitigate risk and business continuity plans are exercised regularly to offer further assurance that the potential impacts are minimised.

Radio Network Infrastructure Programme – the existing analogue radio network which facilitates communications between HMCG and vessels at sea, is being withdrawn from service and is being replaced with a fibre-based hybrid network. This network will connect 165 remote radio sites based around the UK coastline, the National Maritime Operations Centre and Coastguard Operations Centres, playing a central role in preventing loss of life on the coast and at sea.

The contract to install the new network was let in July 2020 and, following initial programme set-up, installation of the new network has commenced. To ensure no disruption to operational service, an interim contract remains in place with BT to maintain the existing network while we transition to the new one.

Grandfather Rights for Passenger Ships – New regulations will be implemented to ensure that older passenger ships operating on estuarial waters in the United Kingdom, particularly those on the tidal River Thames, meet modern standards that improve their survivability in some circumstances. Following a lengthy period of development and consultation these regulations have been submitted for ministerial approval. However, the slowing of government approvals processes since the general election towards the end of 2019 and latterly the coronavirus pandemic has impacted progress of this and solutions to outstanding Marine Accident Investigation Branch (MAIB) recommendations.

Outstanding Recommendations from the Marine Accident Investigation Branch – there remains a backlog of legacy safety recommendations from the MAIB which require implementation of either legislation, guidance or both. Whilst there are safety risks while actions remain

outstanding, we have continued to mitigate the risk with a focus on priority work and use of in-house legal resources where appropriate. During the last 12 months the impact of both EU Exit and the coronavirus pandemic has placed renewed pressure on departmental, parliamentary and government legal time, however despite this we have achieved a net reduction of 15% (3) outstanding recommendations.

Fishing Vessel Safety – fatality rates in the fishing industry are too high; we need to see them reduce more quickly than the current safety strategy of achieving zero fatalities by 2027. We continue to work to implement the outstanding MAIB recommendations, in particular to introduce a new Small Fishing Vessel Code, which will require vessels of less than 15 metres in length to comply with new stability, construction, machinery and electrical requirements. Alongside this, we are working towards the introduction of new certification and training requirements for fishermen on vessels down to seven metres in length to further enhance safety.

Compliance with the International Maritime Organization Instruments Implementation (III) Code – A mandatory compliance audit of the United Kingdom (UK) by the International Maritime Organization (IMO) was scheduled for September 2020 but has been delayed due to the coronavirus pandemic. At the request of IMO, the UK has put in place the mechanism to allow the audit to proceed using remote audit techniques as an alternative to a direct audit. Although IMO has indicated that the UK will be offered the first available audit slot once the audit programme restarts, there is still no definite date for the UK's audit. We recognise that we have some legislative gaps that need to be addressed or to have a clear plan in place for addressing them, before the United Kingdom is audited, this has been included in the MCA/DfT legal priorities work schedule. The programme of III Code mock audits to assess the UK's overall preparedness was recommenced following development of a suitable remote auditing methodology. This programme will complete by the end of April 2021. The programme of mock/proxy audits of the Overseas Territories and Crown Dependencies, the results of which will be submitted to IMO as part of the UK's overall assessment by IMO, has also recommenced using remote audits.

Contingent liability on UK Government following any maritime disaster within a UK Overseas Territory or Crown Dependency – this remained a priority concern for 2020-21 and was transferred to the DfT central risk register in November of 2020.

Audit and Risk Assurance Committee (ARAC)

I seek independent advice and assurance on the processes for risk management, governance, assurance and internal control, including reliability and integrity, through the Agency's Audit & Risk Assurance Committee. This committee meets quarterly with an additional supplementary accounts only meeting held prior to my signing of the accounts. The ARAC comprises of the Agency's Non-Executive Directors, one of whom is appointed as Chair, and the Non-Executive Chairman. The Chief Financial Officer and I also attend. The newly appointed Director of Finance & Audit attended the final meeting in March and will attend future meetings.

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

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

Attendance by Audit and Risk Assurance Committee members in 2020-21 was as follows:

| Committee Member | No. of meetings attended |
|-------------------------------|---------------------------------|
| Noel Shanahan (Chair of ARAC) | 5/5 |
| Michael Parker | 4/5 |
| Nigel Pusey | 4/4 |
| Sarah Parker | 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 the Audit and Risk Assurance Committee quarterly.

As part of the Cabinet Office Annual Assurance exercise the MCA met the twelve Cabinet Office Counter Fraud Functional Standards achieving a green (RAG) rating and this was recorded formally in the Counter Fraud Landscape Report 2019, issued in February 2020.

Internal and External Audit

Our Quality Management System (QMS) is externally certified by SGS to the International Organization for Standardization ISO9001:2015 standard; the requirements of the standard are applied to all business processes and activities. The Agency is also subject to international requirements, most notably the International Maritime Organization Instruments Implementation Code which requires port, flag and coastal states to have a QMS in place.

The Agency's annual Internal Quality Audit Programme supports its continuing certification to ISO 9001:2015 and, despite the COVID-19 pandemic, the 2020-21 audit plan was effectively delivered throughout the year with just two audits deferred to 2021-22 due to changes in circumstances and priorities. Due to coronavirus pandemic restrictions, all except one audit were conducted remotely. Remote auditing is expected to continue until the end of June 2021, after which the intention is to return to face to face auditing for the remainder of the 2021-22 internal audit programme.

Surveillance audits are conducted twice a year by SGS UK Ltd. Usually occurring in May and September, this year they took place in December and February due to the coronavirus pandemic and were conducted remotely. Both audits were successful with SGS recommending a continuation of the ISO9001 certification for the Agency. The routine three yearly recertification audit is planned for the end of May 2021 and will be carried out as a single remote exercise, rather than two audits as previously.

The Government Internal Audit Agency (GIAA) operate to standards defined in the Government's Public Sector Internal Audit Standards. Its annual programme of work is based on the analysis of risks to which the Agency is exposed and by key risks identified by the ARAC and Executive Team. Eight assurance audits were conducted remotely in the 2020-21 programme; two received an overall 'limited' opinion, two a 'moderate' opinion, three a 'substantial' opinion and one audit incomplete due for completion in April 2021.

The GIAA 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. This is the same rating as for 2019-20 opinion, and again reflects the continuing transition and embedding of change associated with ongoing organisational and

process transformation instigated by the Chief Executive.

The MCA Board, Executive Team and local Management Boards monitor progress on management actions agreed for internal and external audits at their monthly meetings. Progress is also monitored by the ARAC at quarterly meetings.

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

Working closely with internal and external stakeholders, the Agency continues to refine its Health and Safety policies, plans and arrangements to ensure that standards are actively managed across the Agency. The National Health and Safety Committee remain responsible for overseeing the Agency's safety management system and lead on safety improvements. The committee, which meets quarterly, is chaired by a member of the Executive Team and comprises representatives from the Directorates, volunteer Coastguard Rescue Service and trade unions.

A monthly Health & Safety report is tabled and discussed at the Senior Officers Group, Survey and Inspection National Management Group, Directorate Management Boards, Executive Team and Agency Board meetings. In addition, Health & Safety is an agenda item at all team management meetings. During the coronavirus pandemic COVID Operational and Tactical meetings were held twice a week with significant actions tracked and discussed at senior level creating robust governance of the pandemic response.

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

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, including development of a central strategy and approach to behavioural safety. The National Health and Safety Committee will be restructured to support the definition and delivery of the new Health and Safety strategy.

In 2020-21 a review of Health and Safety was conducted, and a new Head of Health and Safety was appointed to lead a behavioural safety project and deliver a three-year strategic improvement plan linked to the MCA cultural change programme. Other achievements included:

- Basic Health and Safety training delivered to all new joiners,
- Delivery of first aid and fire warden training,
- Bespoke training for Building Custodians,
- General Health and Safety training delivered to HM Coastguard and Surveyor foundation courses,
- Implementation of improved Health and Safety monthly reports,
- A plan to provide additional awareness of Health and Safety accountability and responsibility for senior management,

- A plan for introduction of behavioural safety training to be cascaded throughout the Agency,
- A plan to refresh the Health and Safety portal to improve the user journey in 2021-22, and
- A plan to deliver and improved Health and Safety incident reporting system in 2021-22 along with streamlining of Health and Safety Documentation

There were eight injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), for staff and volunteers. All RIDDOR injuries were investigated by local and headquarters management and any lessons identified integrated into the Agency's safe operating procedures. All accident and near miss summaries are discussed at headquarters and local management meetings.

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 manage all areas of information legislation on behalf of the Senior Information Risk Owner and support the Data Protection Manager in the delivery of mandated data protection requirements. 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, maintenance and compliance checking of security policies and procedures in alignment with the updated ISO27001:2013 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 conducting Information Technology Security Health Checks by external providers as approved by the National Cyber Security Centre. These health checks provide assurance that our systems and networks 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,
- Monitoring of cyber vulnerabilities by engaging with the Directorate of Information 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, and
- Ensuring safe data sharing and that partnering initiatives are understood and supported by appropriate Data Protection Impact Assessments and documented memorandums of understanding.

The Agency has a duty to investigate incidents involving potential breaches of personal data security and where appropriate to report these to the Information Commissioner's Office (ICO). Whilst a number of potential incidents were investigated during the year, none matched the criteria for reporting to the ICO.

Management Assurance

The information reported in the Management Assurance return was scrutinised by the Agency Board and Audit and Risk Assurance Committee.

The Agency's system of internal controls is monitored in accordance with Department for Transport guidance and is regularly reviewed by the Executive Team, Agency Board and the Audit & Risk Assurance Committee. 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 2020-21, 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.

Brian Johnson
Chief Executive



04 November 2021

Remuneration and Staff Report

Remuneration policy

The remuneration of Senior Civil Servants (SCS) is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

The review body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the review body can be found on www.gov.uk under Office of Manpower Economics.

Executive Directors of the MCA who are Senior Civil Servants may be on fixed term contracts, including the MCA Chief Executive. The contracts may provide for the individual to receive standard SCS 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 | 2020-21 | | | | | 2019-20 | | | | |
|--|---------------|-----------------------|------------------------------------|-----------------------------------|-----------------------|---------------|-----------------------|------------------------------------|----------------------|-----------------------|
| | Salary (£000) | Bonus payments (£000) | Benefits in kind (to nearest £100) | Pension benefits ⁵ (£) | Total benefits (£000) | Salary (£000) | Bonus payments (£000) | Benefits in kind (to nearest £100) | Pension benefits (£) | Total benefits (£000) |
| Brian Johnson <i>Chief Executive</i> | 135-140 | - | - | 52,000 | 185-190 | 130-135 | - | 4,500 | 51,000 | 185-190 |
| Katy Ware <i>Director</i> | 85-90 | 20-25 | - | 39,000 | 150-155 | 85-90 | 10-15 | 700 | 37,000 | 130-135 |
| Matthew Reynolds ⁶ <i>Director</i> | 120-125 | - | - | 46,000 | 165-170 | 40-45 | - | - | 16,000 | 55-60 |
| (Full year equivalent) | 120-125 | - | - | 46,000 | 165-170 | 115-120 | - | - | 46,000 | 160-165 |
| Claire Hughes ⁷ <i>Director</i> | 85-90 | 0-5 | -- | 102,000 | 190-195 | 70-75 | - | - | 35,000 | 105-110 |
| Damien Oliver ⁸ <i>Director</i> | 70-75 | 0-5 | -- | 33,000 | 110-115 | 70-75 | - | - | 28,000 | 100-105 |
| Chloe Bowes <i>Director</i> ⁹ | 20-25 | - | -- | 9,000 | 30-35 | - | - | - | - | - |
| (Full year equivalent) | 95-100 | - | -- | 37,000 | 135-140 | - | - | - | - | - |
| Matthew Briggs ¹⁰ <i>Director</i> | 65-70 | 0-5 | - | 41,000 | 105-110 | 10-15 | - | - | (5,000) | 5-10 |
| (Full year equivalent) | 65-70 | 0-5 | - | 41,000 | 105-110 | 60-65 | - | - | (21,000) | 35-40 |
| Jane Jackson ¹¹ <i>Chief Financial Officer</i> | 60-65 | - | - | 28,000 | 85-90 | 75-80 | 0-5 | - | 31,000 | 105-110 |
| (Full year equivalent) | 75-80 | - | -- | 37,000 | 115-120 | 75-80 | 0-5 | - | 31,000 | 105-110 |
| Richard Wilson <i>OCCE</i> | 65-70 | 0-5 | -- | 4,000 | 70-75 | 60-65 | 0-5 | - | (2,000) | 60-65 |

⁵ 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.

⁶ Matthew Reynolds joined the Agency on 25 November 2019.

⁷ Claire Hughes was appointed Director of Her Majesty's Coastguard on 6 January 2020. She was Chief People Officer until 5 January 2020.

⁸ Damien Oliver joined the Executive Team as Programmes and Commercial Director on 19 September 2019. He was in a position of influence through the full financial year.

⁹ Chloe Bowes was appointed Director of Finance & Audit on 1 January 2021

¹⁰ Matthew Briggs was acting Chief People Officer from 6 January 2019 to 20 September 2020 and was appointed Director of HR, Estates & Health & Safety on 21 September 2020

¹¹ Jane Jackson held financial responsibility until 31 December 2020 before Chloe Bowes was appointed on 1 January 2021.

Single total figure of remuneration (continued)

12

| Non-Executive board members | 2020-21 | | | | | 2019-20 | | | | |
|--|---------------|-----------------------|------------------------------------|----------------------|-----------------------|---------------|-----------------------|------------------------------------|----------------------|-----------------------|
| | Salary (£000) | Bonus payments (£000) | Benefits in kind (to nearest £100) | Pension benefits (£) | Total benefits (£000) | Salary (£000) | Bonus payments (£000) | Benefits in kind (to nearest £100) | Pension benefits (£) | Total benefits (£000) |
| Michael Parker <i>Non-Executive Chairman</i> | 60-65 | - | - | N/A | 60-65 | 45-50 | - | 1,100 | N/A | 45-50 |
| (Full year equivalent) | 65-70 | - | - | N/A | 65-70 | 45-50 | - | 1,100 | N/A | 45-50 |
| Noel Shanahan <i>Non-Executive Director</i> | 15-20 | - | - | N/A | 15-20 | 10-15 | - | - | N/A | 10-15 |
| Sarah Parker ¹³ <i>Non-Executive Director</i> | 5-10 | - | - | N/A | 5-10 | - | - | - | - | - |
| (Full year equivalent) | 5-10 | - | - | N/A | 5-10 | - | - | - | - | - |
| Nigel Pusey ¹⁴ <i>Non-Executive Director</i> | 10-15 | - | - | N/A | 10-15 | - | - | - | - | - |
| (Full year equivalent) | 15-20 | - | - | N/A | 15-20 | - | - | - | - | - |
| Ian Kenyon ¹⁵ <i>Non-Executive Director</i> | - | - | - | - | - | 0-5 | - | - | N/A | 0-5 |
| (Full year equivalent) | - | - | - | - | - | 10-15 | - | - | N/A | 10-15 |
| Alex Jablonowski ¹⁶ <i>Non-Executive Director</i> | - | - | - | - | - | 10-15 | - | - | N/A | 10-15 |
| (Full year equivalent) | - | - | - | - | - | 15-20 | - | - | N/A | 15-20 |

Salary

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

Benefits in kind

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

Bonuses

Year-end bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to performance in the year prior to that in which they become payable to the individual. The bonuses reported in 2020-21 relate to performance in 2019-20 and the comparative bonuses reported for 2019-20 relate to performance in 2018-19. The top 25% of Senior Civil Servant performers across DfT are applicable for a year-end bonus.

In-Year Reward schemes are also available via a Corporate Recognition Scheme and in-year contribution for up to 20% of staff.

'Pivotal Role' payments may be available to Senior Civil Servants (SCS) and are linked to a role not an individual. The scheme is controlled by the Cabinet Office and designed to recruit and retain SCS staff in the most critical Civil Service roles, or for key responsibility during fixed-length pivotal periods or projects. Payments are non-consolidated and non-pensionable and may be paid either

¹² Michael Parker's term as Non-Executive Chairman ended on 28 February 2021

¹³ Sarah Parker joined the Agency as Non-Executive Director on 29 June 2020

¹⁴ Nigel Pusey joined the Agency as Non-Executive Director on 29 June 2020

¹⁵ Ian Kenyon joined the Agency as Non-Executive Director on 27 August 2019 and left the Agency on 9 December 2019

¹⁶ Alex Jablonowski left the Agency as Non-Executive Director on 31 December 2019

in full upon delivery or in instalments linked to achievement of key milestones.

Pension Benefits

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

| | Accrued pension at pension age as at 31/3/21 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 31/3/21 | At 31/3/20 | |
| | £000 | £000 | £000 | £000 | £000 |
| Brian Johnson <i>Chief Executive</i> | 5-10 | 2.5-5 | 112 | 64 | 35 |
| Katy Ware <i>Director</i> | 30-35 | 0-2.5 | 477 | 438 | 20 |
| Claire Hughes <i>Director</i> | 20-25 plus lump sum 45-50 | 2.5-5 plus lump sum 7.5-10 | 385 | 302 | 67 |
| Damien Oliver <i>Director</i> | 20-25 | 0-2.5 | 275 | 250 | 12 |
| Chloe Bowes <i>Director</i> | 10-15 | 0-2.5 | 107 | 99 | 3 |
| Jane Jackson <i>Chief Financial Officer</i> | 35-40 plus lump sum 40-45 | 0-2.5 plus lump sum 0-2.5 | 721 | 679 | 19 |
| Matthew Reynolds <i>Director</i> | 0-5 | 0-2.5 | 41 | 10 | 22 |
| Richard Wilson <i>Head of the Office of the Chairman & Chief Executive</i> | 25-30 plus lump sum 85-90 | 0-2.5 plus lump sum 0-2.5 | 689 | 667 | -3 |
| Matthew Briggs <i>Director</i> | 30-35 | 0-2.5 | 498 | 453 | 28 |

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: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

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. Because the Government plans to remove discrimination identified by the courts in the way

that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to **alpha** have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of 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/her pensionable earnings during his/her 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.

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 2020-21, was £135,000-140,000 (2019-20 £135,000-140,000). This was 4.22 times (2019-20, 4.56) the median remuneration of the workforce, which was £32,557 (2019-20 £30,131). An increase in median remuneration in 2020-21 has decreased the ratio from 4.56 to 4.22.

In 2020-21, no employee (2019-20: no employee) received remuneration in excess of the highest-paid director. Remuneration ranged from £18,062 to £136,182 (2019-20: £17,535 to £135,817). 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.

Pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes but the MCA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012.

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

For 2020-21, employer contributions of £10,366,363 were payable to the PCSPS (2019-20: £9,748,950) at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands (2019-20: 26.6% to 30.3%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The MCA is not aware at this time whether rates may or may not vary in the next accounting period. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 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 £117,076 (2019-20: £115,241) were paid to one appointed stakeholder pension provider. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. No employer contributions were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees (2019-20: None).

Contributions due to the partnership pension providers at the balance sheet date were £14,516 (2019-20: £Nil). Contributions prepaid at that date were £Nil.

Staff costs (audited)

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

| | Permanently employed staff | Other employed staff | Agency/ Temporary staff | 2020-21 | 2019-20 |
|-------------------------|----------------------------------|----------------------------|-------------------------------|---------------|---------------|
| | £000 | £000 | £000 | £000 | £000 |
| Wages and salaries | 42,609 | 1,497 | 3,161 | 47,267 | 42,615 |
| Social security costs | 4,373 | 150 | - | 4,523 | 4,257 |
| Other pension costs | 10,160 | 339 | - | 10,499 | 9,626 |
| Total net costs | 57,142 | 1,986 | 3,161 | 62,289 | 56,498 |
| Staff costs expensed | - | - | - | 62,119 | 56,279 |
| Staff costs capitalised | - | - | - | 170 | 219 |

Staff numbers (audited)

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

| | Permanently employed staff | Others | 31 March 2021 | 31 March 2020 |
|-------------------------------------|----------------------------------|-----------|---------------|---------------|
| Direct service delivery and support | 872 | 39 | 911 | 905 |
| Corporate support | 203 | 8 | 211 | 168 |
| Board members | 8 | - | 8 | 10 |
| Directly employed | 1,083 | 47 | 1,130 | 1,083 |
| Others – temporary | - | 25 | 25 | 22 |
| Total | 1,083 | 72 | 1,155 | 1,105 |

There were no early retirements in the year caused by ill health (2019-20: 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 2021 were:

| | Male | Female | 2020-21 |
|--|------------|------------|--------------|
| Senior Civil Service – Band 2 | 1 | - | 1 |
| Senior Civil Service – Band 1 | 2 | 4 | 6 |
| Other Board Members | 2 | 0 | 2 |
| Board members and Senior Civil Service | 5 | 4 | 9 |
| All other employees | 722 | 424 | 1,146 |
| Total | 727 | 428 | 1,155 |

Sickness absence data

| | 2020-21 | 2019-20 |
|---|---------|---------|
| Working days taken as sickness absence | 5631 | 7820 |
| Average number of days lost per employee per year | 4.98 | 7.22 |

Staff turnover

The overall employee turnover rate for the year ending 31 March 2021 was 12.2%.

Staff engagement

Each year we ask our staff to take part in the annual Civil Service People Survey. The results from this survey allow us to benchmark against other similar Civil Service organisations as well as the Department for Transport. They also help us to improve by highlighting areas where we are performing well as well as those where we may need to focus our energy.

The 2020 People Survey MCA Employee Engagement Index was up by 3% to 68% compared with both the 2018 and 2019 indexes. This is encouraging at a time of significant change for the Agency and an emphasis on more robust leadership combined with the additional challenges that the year brought. This score is above both the Civil Service average at 66% and the DfT at 67%.

Staff policies for disabled persons applied during the financial year

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

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

The Trade Union (Facility Time Publication Requirements) Regulations 2017

Disclosures required under the Trade Union (Facility Time Publication Requirements) Regulations 2017 which came into force on 1 April 2017 are shown in the table below, as reported to DfT on 2nd June 2020.

| | |
|--|-------------|
| Relevant Union Officials | 2020-21 |
| Number of employees who were relevant union officials during the relevant period | 16 |
| Full-time equivalent employee number | 1,130 |
| Percentage of time spent on facility time | |
| 1-50% | 16 |
| Percentage of pay bill spent on facility time | |
| Total cost of facility time | £3,344 |
| Total pay bill | £58,259,263 |
| Percentage of the total pay bill spent on facility time | 0.01% |
| 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 2020-21 was £3,087,049 (2019-20: £988,661).

Exit packages (audited)

| Exit package cost band | Number of compulsory redundancies | | Number of other departures agreed | | Total number of exit packages by cost band | |
|--------------------------------------|-----------------------------------|---------|-----------------------------------|---------|--|---------|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| <£10,000 | - | - | 6 | 3 | 6 | 3 |
| £10,000 - £25,000 | - | - | 1 | 3 | 1 | 3 |
| £25,000 - £50,000 | - | - | 1 | 2 | 1 | 2 |
| £50,000 - £100,000 | - | - | 4 | - | 4 | - |
| £100,000 - £150,000 | - | - | 1 | - | 1 | - |
| Total number of exit packages | - | - | 13 | 8 | 13 | 8 |
| Total resource cost (£) | - | - | 426,838 | 112,653 | 426,838 | 112,653 |

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.

Off-payroll engagements

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

| | 2020-21 |
|--|----------------|
| Total number of existing engagements as of 31 March 2021: | 37 |
| Number of engagements which at time of reporting have existed for: | |
| Less than one year | 23 |
| Between one and two years | 7 |
| Between two and three years | - |
| Between three and four years | 5 |
| Four or more years | 2 |

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

The number of off-payroll engagements for which the agency has made IR35 assessments under off-payroll legislation as required by Chapter 10 Income Tax (Earnings and Pensions) Act 2003 are reported in the table hereunder:

| | 2020-21 |
|---|----------------|
| Number of off-payroll workers engaged at any point during the year ended 31 March 2021: | 46 |
| Number of engagements to which the off-payroll legislation does not apply | - |
| Number of engagements to which the off-payroll legislation does apply: | |
| Number of which were determined as being in scope of IR35 | 6 |
| Number of which were determined as being out of scope of IR35 | 40 |
| Number of off-payroll worker engagements which: | |
| Were reassessed for compliance or assurance purposes during the year | 46 |
| Saw a change to IR35 status following review | 4 |

During the financial year, there were no off-payroll engagements of board members and/or senior officials with significant financial responsibility and there were no engagements of off-payroll workers where the status was disputed under provisions in the off-payroll legislation.

Parliamentary Accountability Disclosures (Audited)

Regularity of expenditure

Losses and special payments

Losses incurred in 2020-21 did not exceed £300,000 (2019-20 No excess). The Agency made one special payment exceeding £300,000 in 2020-21 (2019-20: None). A payment of £303,123 was made in settlement of a claim made to an operator whose business was unduly affected by MCA regulatory decisions which was accepted by the courts.

Other parliamentary disclosures

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. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of negotiations.

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption for the 2020-21 reporting period. The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2021.

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).

| | 2020-21 | | | 2019-20 | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | Income | Expense | Net | Income | Expense | Net |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Statutory services | | | | | | |
| Marine surveys | 2,590 | 2,382 | 208 | 5,866 | 5,902 | (36) |
| Registration of ships | 1,246 | 1,323 | (77) | 1,084 | 1,162 | (78) |
| Seafarers' examinations and certification | 1,658 | 2,334 | (676) | 2,152 | 2,446 | (294) |
| Other statutory services | 118 | 155 | (37) | 202 | 286 | (84) |
| Total | 5,612 | 6,194 | (582) | 9,304 | 9,796 | (492) |

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



04 November 2021

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 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise: 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. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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 2021 and of the Maritime and Coastguard Agency's net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I am independent of the Maritime and Coastguard Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Maritime and Coastguard Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Maritime and Coastguard Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for The Department for Transport is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report but does not include the parts of the Accountability Report described in those reports as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- 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; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Maritime and Coastguard Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; 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.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- internal controls as the Chief Executive as Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Maritime and Coastguard Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive as Accounting Officer anticipates that the services provided by the Maritime and Coastguard Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Maritime and Coastguard Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Maritime and Coastguard Agency's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Maritime and Coastguard Agency's controls.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals
- obtaining an understanding of the Maritime and Coastguard Agency's framework of authority as well as other legal and regulatory frameworks that the Maritime and Coastguard Agency operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Maritime and Coastguard Agency. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Merchant Shipping (Fees) Regulations 2018, Managing Public Money, employment and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity as appropriate.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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

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

Gareth Davies

9 November 2021

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



Financial statements

Statement of Comprehensive Net Expenditure

for the 12 months ending 31 March 2021

| | | 2020-21 | 2019-20 |
|--|-------------|-----------------|-----------------|
| | Note | £000 | £000 |
| Revenue from contracts with customers | [3] | (9,794) | (13,601) |
| Other income | [3] | (3,860) | (1,843) |
| Total income | | (13,654) | (15,444) |
| Staff costs | [2] | 62,119 | 56,279 |
| Purchase of goods and services | [2] | 260,688 | 253,308 |
| Depreciation and impairment charges | [2] | 57,650 | 60,432 |
| Other operating expenditure | [2] | (33) | (4,592) |
| Net provision expense | [2] | 126 | 464 |
| Total operating expenditure | | 380,550 | 365,891 |
| Net operating expenditure for the year | | 366,896 | 350,447 |
| Finance expense | [13] | 5,089 | 5,913 |
| Net expenditure for the year | | 371,985 | 356,360 |
| Other comprehensive net expenditure | | | |
| Items which will not be reclassified to net operating expenditure: | | | |
| Net (gain)/loss on: | | | |
| Revaluation of property, plant and equipment | | 2,446 | (109) |
| Revaluation of intangible assets | | (521) | (130) |
| Revaluation of inventories | | (199) | (420) |
| Total net revaluation (gains) and losses | | 1,726 | (659) |
| Comprehensive net expenditure for the year | | 373,711 | 355,701 |

The notes on pages 64 to 83 form part of these accounts

Statement of Financial Position

as at 31 March 2021

| | Note | 31 March 2021 | | 31 March 2020 | |
|--|------|---------------|------------------|---------------|------------------|
| | | £000 | £000 | £000 | £000 |
| Non-current assets | | | | | |
| Property, plant and equipment | [5] | 84,029 | | 77,389 | |
| Right of use assets | [6] | 217,374 | | 262,738 | |
| Intangible assets | [7] | 18,892 | | 17,511 | |
| Inventories | [8] | 5,006 | | 4,818 | |
| Trade and other receivables | [10] | 56 | | 41 | |
| Total non-current assets | | | 325,357 | | 362,497 |
| Current assets | | | | | |
| Assets classified as held for sale | [9] | - | | - | |
| Trade and other receivables | [10] | 9,978 | | 8,627 | |
| Cash | [11] | 1,831 | | - | |
| Total current assets | | | 11,809 | | 8,627 |
| Total assets | | | 337,166 | | 371,124 |
| Current liabilities | | | | | |
| Trade and other payables | [12] | (52,153) | | (40,555) | |
| Borrowings | [11] | - | | (1,253) | |
| Lease liabilities | [13] | (49,471) | | (48,244) | |
| Provisions | [14] | (813) | | (1,061) | |
| Total current liabilities | | | (102,437) | | (91,113) |
| Total assets less current liabilities | | | 234,729 | | 280,011 |
| Non-current liabilities | | | | | |
| Lease liabilities | [13] | (174,449) | | (218,562) | |
| Provisions | [14] | (1,936) | | (1,479) | |
| Total non-current liabilities | | | (176,385) | | (220,041) |
| Total assets less total liabilities | | | 58,344 | | 59,970 |
| Taxpayers' equity and other reserves | | | | | |
| General fund | | 46,624 | | 45,764 | |
| Revaluation reserve | | 11,720 | | 14,206 | |
| Total equity | | | 58,344 | | 59,970 |

The notes on pages 64 to 83 form part of these accounts.

Brian Johnson
Chief Executive


4 November 2021

Statement of Cash Flows

for the year ended 31 March 2021

| | 2020-21 | 2019-20 |
|--|---------------------|------------------|
| Note | £000 | £000 |
| Cash flows from operating activities | | |
| Net operating expenditure for the year | (366,896) | (350,447) |
| Adjustments for non-cash transactions | 57,743 | 56,392 |
| (Increase)/decrease in inventories | [8] (188) | (529) |
| less movements in inventories relating to items not passing through the Statement of Comprehensive Net Expenditure | 199 | 420 |
| (Increase)/decrease in trade & other receivables | [10] (1,310) | 301 |
| less movements in trade and other receivables relating to items not passing through the Statement of Comprehensive Net Expenditure | 151 | (51) |
| Increase/(decrease) in trade and other liabilities | [12] 11,598 | (2,799) |
| less movements in trade and other liabilities relating to items not passing through the Statement of Comprehensive Net Expenditure | (3,442) | 1,390 |
| Interest paid on lease liabilities | [13] (3,292) | (2,947) |
| Use of provisions | [14] (68) | (70) |
| Net cash outflow from operating activities | (305,505) | (298,340) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (14,046) | (7,715) |
| Purchase of intangible assets | (997) | (2,299) |
| Proceeds of disposals of property, plant and equipment | 1,003 | 5,449 |
| Net cash outflow from investing activities | (14,040) | (4,565) |
| Cash flows from financing activities | | |
| Current year consolidated fund (supply) | 372,000 | 350,000 |
| Payment of lease liabilities | [13] (46,467) | (47,409) |
| Net financing | 325,533 | 302,591 |
| Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund | | |
| | 5,988 | (314) |
| Payment of amounts due to the consolidated fund | (2,904) | (1,285) |
| Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund | | |
| | 3,084 | (1,599) |
| Cash and cash equivalents at the beginning of the period | [11] (1,253) | 346 |
| Cash and cash equivalents at the end of the period | [11] 1,831 | (1,253) |

The notes on pages 64 to 83 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2021

| | Note | General Reserve £000 | Revaluation Reserve £000 | Total Reserves £000 |
|---|------|-------------------------|-----------------------------|------------------------|
| Balance at 1 April 2019 | | 54,227 | 14,260 | 68,487 |
| Net Parliamentary Funding | | 350,000 | - | 350,000 |
| Non-cash charges: auditor's remuneration | [2] | 88 | - | 88 |
| Net expenditure for the year | | (356,360) | - | (356,360) |
| Revaluation gains and (losses) | | - | 659 | 659 |
| Transfers between reserves | | 713 | (713) | - |
| CFERS payable to the Consolidated Fund | | (2,904) | - | (2,904) |
| Changes in taxpayers' equity for 2019-20 | | (8,463) | (54) | (8,517) |
| Balance at 31 March 2020 | | 45,764 | 14,206 | 59,970 |
| Net Parliamentary Funding | | 372,000 | - | 372,000 |
| Non-cash charges: auditor's remuneration | [2] | 85 | - | 85 |
| Net expenditure for the year | | (371,985) | - | (371,985) |
| Revaluation gains and (losses) | | - | (1,726) | (1,726) |
| Transfers between reserves | | 760 | (760) | - |
| CFERS payable to the Consolidated Fund | [12] | - | - | - |
| Changes in taxpayers' equity for 2020-21 | | 860 | (2,486) | (1,626) |
| Balance at 31 March 2021 | | 46,624 | 11,720 | 58,344 |

The notes on pages 64 to 83 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 2020-21 Government Financial Reporting Manual (FRoM) issued by HM Treasury (HMT). The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FRoM 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 2020 to 31 March 2021 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

2020-21

A new standard, IFRS 16 Leases, became effective under IFRS for the year ended 31 March 2020. This standard has not yet been implemented across central government as a whole, but, in 2019-20 following HM Treasury instruction it was adopted by certain government entities, among them the Department for Transport (including the Agency).

Subsequent years

IFRS 17 *Insurance Contracts* requires a discounted cash flow approach to accounting for insurance contracts. Subject to EU adoption, it may now, following deferral, become effective for accounting periods commencing on, or after, 1 January 2022 and should be included in the 2022-23 FRoM at the earliest. The Agency considers that it has no contracts which meet the definition of insurance contracts.

The Agency does not consider that any other new, or revised standard, or interpretation will have a material impact.

1.04 Non-current assets: property, plant and equipment

Property, plant and equipment are carried in the statement of financial position at fair value which has been estimated as described below:

- 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 at 31 December 2018. The five yearly valuation is supplemented by annual indexation for intervening years in line with the direction in the FRoM. 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 under 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.
 - Plant and equipment - over the following standard lives:
 - Information Technology 3-15 years
 - Transport Equipment 3-10 years
 - Plant and Machinery 5-15 years
 - Furniture and Fittings 3-10 years

Specific individual assets may be depreciated on an ad hoc basis outside of these limits where management believes that this is appropriate.

1.05 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 3-10 years or over the useful economic life of an item in property, plant and equipment with which the useful economic life of the intangible asset is closely associated.

Intangible assets are 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 Assets held for sale

Assets held for sale are available for immediate sale in their present condition and are being actively marketed for sale. They are valued at the lower of their carrying amount at the point of transfer and fair value (market value) less material selling costs. Depreciation is not applied.

1.07 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. 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 Leases

Scope and classification

In accordance with IFRS 16 *Leases*, contracts, or parts of a contract that convey the right to use an asset in exchange for consideration are accounted for as leases. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease.

The Agency excludes contracts for low-value items, defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and contracts with a term shorter than twelve months (comprising the non-cancellable period together with any extension options that the Agency is reasonably certain to exercise and any termination options that the Group is reasonably certain not to exercise).

Initial recognition

At the commencement of a lease the Agency recognises a right-of-use asset and a lease liability.

The lease liability is measured as the payments for the remaining lease term (as defined above), discounted either by the rate implicit in the lease, or, where this cannot be determined, by the Agency's incremental cost of borrowing. The payments included in the liability are those that are fixed or in-substance fixed, excluding charges arising, for example, from future rent reviews or changes in an index. For most agencies, including the MCA, the incremental cost of borrowing is the rate advised annually by HM Treasury.

The right-of-use asset is measured at the value of the liability, adjusted for: any payments made before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs, which will be required to be paid at the end of the lease. However, where the lease requires nominal consideration (a type of arrangement often described as a "peppercorn" lease), the FReM requires that the asset be measured at its current value in existing use.

Subsequent measurement

The asset is subsequently measured using the fair value model. The Agency considers that the cost model is a reasonable proxy for the fair value model for leases of items other than land and property, and for leases of land and property with regular rent reviews.

The liability is adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments and modifications are measured by re-discounting the revised cash flows; the impact is reflected in the liability and either in the asset valuation or expenditure.

Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and any change in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or for those shorter than twelve months are expensed.

Estimates and judgements

For embedded leases, the Agency determines the amounts to be recognised as the right-of-use asset and lease liability based on the stand-alone price of the lease component and the non-lease component or components. This determination reflects the prices for leases of the underlying asset, where these are observable; otherwise, it maximises the use of other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease components.

The FReM requires that right-of-use assets held under “peppercorn” leases should be measured at current value in existing use. These leases include historic, long-term leases as well as more recent arrangements. To identify such leases, the Agency has distinguished consideration that is nominal from consideration that is low, but proportionate to the asset’s value (for example, the lease of a small area of land with few alternative uses). This distinction reflects, so far as possible, recent, observable market arrangements for comparable assets (for example, current rentals); otherwise, based on the Agency’s own arrangements.

Where, for peppercorn leases, existing use value is required, this is calculated using market value rentals provided by external property consultants, over the lease term. Market value rentals will be provided on a yearly basis.

1.09 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 Value Added Tax

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

1.12 Revenue from contracts with customers

Revenue from contracts with customers relates to revenue received directly from the operating activities of the Agency. The FReM has adapted the definition of a contract in IFRS 15 to include legislation and regulations which enable an entity to obtain revenue not classified as a tax.

Revenue principally comprises fees and charges for goods or services provided, on a full

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

1.13 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.

1.14 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.

1.15 Critical judgements

Contracts for services have been evaluated under IFRS 16 to determine whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease. The Agency has assessed that its contracts to provide search and rescue helicopter and other services such as aerial surveillance aircraft and emergency towing vessels contain leases.

2. Operating expenditure

| | 2020-21 | | 2019-20 | |
|--|---------|----------------|---------|----------------|
| | £000 | £000 | £000 | £000 |
| Staff costs | | | | |
| Wages and salaries | 43,936 | | 40,806 | |
| Agency staff | 3,161 | | 1,590 | |
| Wages and salaries – total | 47,097 | | 42,396 | |
| Social security costs | 4,523 | | 4,257 | |
| Other pension costs | 10,499 | | 9,626 | |
| | | 62,119 | | 56,279 |
| <u>Purchase of goods and services – cash items</u> | | | | |
| <u>Search and rescue helicopters</u> | | | | |
| UK SAR helicopter service | 162,434 | | 161,102 | |
| | | 162,434 | | 161,102 |
| <u>Other goods and services</u> | | | | |
| Support for maritime training | 12,857 | | 12,967 | |
| Civil hydrographic surveys | 6,634 | | 5,912 | |
| Other shipping industry services | 1,474 | | 1,242 | |
| Shipping industry support and services - total | | 20,965 | | 20,121 |
| Information technology and telecommunications | 27,927 | | 25,117 | |
| Accommodation | 10,853 | | 11,835 | |
| Pollution response and aerial surveillance | 12,397 | | 7,788 | |
| Coastguard volunteers | 4,066 | | 3,702 | |
| Emergency towing vessels | 2,024 | | 1,964 | |
| Service costs | 6,185 | | 5,654 | |
| Subscriptions to IMO and other international bodies | 1,525 | | 1,596 | |
| Research and development – grant related | 58 | | 468 | |
| Administration costs | 9,553 | | 7,552 | |
| Staffing costs and travelling expenses | 2,616 | | 6,321 | |
| <u>Purchase of goods and services - non-cash items</u> | | | | |
| Auditors' remuneration and expenses | 85 | | 88 | |
| | | 77,289 | | 72,085 |
| Purchase of goods and services | | 260,688 | | 253,308 |
| <u>Operating expenditure - other non-cash items</u> | | | | |
| Depreciation and impairment charges | | | | |
| Depreciation – owned assets | 7,641 | | 10,017 | |
| Depreciation – right of use assets | 46,992 | | 47,012 | |
| Amortisation – owned assets | 2,504 | | 1,700 | |
| Impairment | (42) | | 1,467 | |
| Net revaluation (gains)/losses | 555 | | 236 | |
| | | 57,650 | | 60,432 |
| Other operating expenditure | | | | |
| Loss/(profit) on disposal of non-current assets | (223) | | (4,250) | |
| Loss/(gain) on re-measurement of right-of-use assets | 190 | | (342) | |
| | | (33) | | (4,592) |
| Net provision expense | | | | |
| Provisions provided in year (net) | 277 | | 414 | |
| Impairment (gains)/losses – trade receivables | (151) | | 50 | |
| | | 126 | | 464 |
| Total other non-cash items | | 57,743 | | 56,304 |
| Total other expenditure | | 318,431 | | 309,612 |
| Total operating expenditure | | 380,550 | | 365,891 |

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.

Prior to the implementation of IFRS16, all SAR-H contract costs were charged to operating expenditure as purchases of goods and services. Contract costs previously charged annually as operating lease rentals are now charged over the lease term, after deducting irrecoverable VAT, as depreciation and interest. Other contract costs include all SAR-H costs which are outside the scope of IFRS 16 lease accounting because they relate to costs beyond the physical helicopters which under IFRS 16 are treated as a leased 'right of use' asset. These other costs include those relating to crew, fuel and base services. The irrecoverable VAT deducted is now charged as other contract costs.

| | 2020-21 | 2019-20 |
|------------------------------------|----------------|----------------|
| | £000 | £000 |
| SAR-H contract costs | | |
| Other contract costs | 162,434 | 161,102 |
| Operating lease rentals | - | - |
| Purchases of goods and services | 162,434 | 161,102 |
| Depreciation – right of use assets | 41,691 | 43,025 |
| Operating expenditure | 204,125 | 204,127 |
| Finance expense | 4,420 | 5,410 |
| Search and rescue helicopters | 208,545 | 209,537 |

Services to the shipping industry

Total shipping industry support and services expenditure was £ 20,965,000 (2019-20: £20,121,000).

The Agency operates the Support for Maritime Training Scheme (SMarT) for maritime officer trainees. The Agency provided funding after costs in 2020-21 of £12,857,000 (2019-20: £12,967,000).

The Agency provided further services to the shipping industry as required by Merchant Shipping Acts and international conventions costing £8,108,000 in 2020-21 (2019-20: £7,154,000). These services included civil hydrographic surveys, weather bulletins and navigational warnings, seafarer safety and medical services.

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

3. Income

| | 2020-21 | 2019-20 |
|--|---------------|---------------|
| | £000 | £000 |
| Statutory services | 5,612 | 9,304 |
| Operational services | 2,474 | 2,922 |
| Other services | 309 | 859 |
| Other income (costs recharged) | 1,399 | 516 |
| Total revenue from contracts with customers | 9,794 | 13,601 |
| Other receipts | 3,725 | 1,402 |
| Grant income | 135 | 441 |
| Total other income | 3,860 | 1,843 |
| Total Income | 13,654 | 15,444 |

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 £825,000 reported in other income which is recognised over time.

Disaggregation

The disclosures below are shown by revenue category in line with IFRS 15 requirements

| Revenue from contracts with customers by directorate received as: | Fee in advance | Deposit | Invoiced | Other | Total Revenue |
|--|-----------------------|----------------|-----------------|--------------|----------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Maritime Safety & Standards | 7 | 2,785 | 16 | (21) | 2,787 |
| Commercial & Programmes | - | - | 3,602 | - | 3,602 |
| UK Ship Register | 2,860 | 111 | - | 172 | 3,143 |
| HM Coastguard | - | 2 | 255 | - | 257 |
| Finance | - | - | , | 5 | 5 |
| Total Revenue | 2,867 | 2,898 | 3,873 | 156 | 9,794 |

4. Operating segments

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

5. Property, plant and equipment

| 2020-21 | Land | Buildings | Information technology | Transport equipment | Other equipment | Assets under construction | Total |
|----------------------------|--------------|---------------|------------------------|---------------------|-----------------|---------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or Valuation | | | | | | | |
| As at 1 April 2020 | 7,679 | 39,376 | 42,155 | 17,589 | 9,692 | 6,049 | 122,540 |
| Additions | 47 | 47 | 1,539 | 412 | 6,320 | 10,500 | 18,865 |
| Disposals | (203) | (589) | (530) | (1,254) | - | - | (2,576) |
| Impairment | - | - | - | - | - | - | - |
| Reclassification | 465 | 729 | 139 | 1,270 | 630 | (4,108) | (875) |
| Revaluations | (647) | (2,718) | 387 | (485) | (338) | - | (3,801) |
| As at 31 March 2021 | 7,341 | 36,845 | 43,690 | 17,532 | 16,304 | 12,441 | 134,153 |
| Depreciation | | | | | | | |
| As at 31 March 2020 | - | 4,171 | 26,811 | 9,818 | 4,351 | - | 45,151 |
| Charge in year | - | 1,580 | 3,906 | 1,244 | 911 | - | 7,641 |
| Disposals | - | (35) | (530) | (1,233) | - | - | (1,798) |
| Impairment | - | (42) | - | - | - | - | (42) |
| Reclassification | - | (56) | - | - | 27 | - | (29) |
| Revaluations | - | (699) | 254 | (256) | (98) | - | (799) |
| As at 31 March 2021 | - | 4,919 | 30,441 | 9,573 | 5,191 | - | 50,124 |
| Net Book Value | | | | | | | |
| As at 1 April 2020 | 7,679 | 35,205 | 15,344 | 7,771 | 5,341 | 6,049 | 77,389 |
| As at 31 March 2021 | 7,341 | 31,926 | 13,249 | 7,959 | 11,113 | 12,441 | 84,029 |

Information technology includes communications and related assets as well as IT hardware. Other equipment includes pollution response and rescue equipment and furniture and fittings.

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

Properties are valued in accordance with the policy outlined in Note 1.04. Of the total net book value of land and buildings, 44% relates to specialist assets which are held at depreciated replacement cost and 56% relates to non-specialist assets which are held at existing use value.

Land and building values have been affected by the significant economic uncertainty caused by the coronavirus pandemic. Management have reviewed the carrying value of property at 31 March 2021 in the context of this uncertainty. Management considers that the valuation of

land and buildings is an appropriate basis on which to determine the fair value at the date of reporting, but as a result of the current circumstances due to the coronavirus pandemic, less certainty can be attached to the valuation than would otherwise be the case.

Analysis of net book value of buildings owned

| | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| | £000 | £000 |
| Freehold buildings | 23,271 | 26,228 |
| Buildings on leased land and improvements on properties occupied under: | | |
| Leases more than 50 years | 3,454 | 2,686 |
| Leases less than 50 years | 5,201 | 6,291 |
| Total owned buildings | 31,926 | 35,205 |

Property, plant and equipment (continued)

| 2019-20 | Land | Buildings | Information technology | Transport equipment | Other equipment | Assets under construction | Total |
|----------------------------|--------------|---------------|------------------------|---------------------|-----------------|---------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or Valuation | | | | | | | |
| As at 1 April 2019 | 7,824 | 40,749 | 42,421 | 17,390 | 9,284 | 2,297 | 119,965 |
| Additions | - | 1,067 | 3,095 | 481 | 300 | 4,023 | 8,966 |
| Disposals | (78) | (513) | (1,052) | (863) | (111) | - | (2,617) |
| Impairment | - | (1,912) | - | - | - | - | (1,912) |
| Transfers | - | 294 | (842) | 593 | 167 | (271) | (59) |
| Reclassifications | - | - | (2,039) | - | - | - | (2,039) |
| Revaluations | (67) | (309) | 572 | (12) | 52 | - | 236 |
| As at 31 March 2020 | 7,679 | 39,376 | 42,155 | 17,589 | 9,692 | 6,049 | 122,540 |
| Depreciation | | | | | | | |
| As at 1 April 2019 | - | 3,451 | 22,060 | 9,536 | 3,631 | - | 38,678 |
| Charge in year | - | 1,547 | 6,516 | 1,150 | 804 | - | 10,017 |
| Disposals | - | (371) | (1,051) | (863) | (112) | - | (2,397) |
| Impairment | - | (445) | - | - | - | - | (445) |
| Transfers | - | - | (59) | - | - | - | (59) |
| Reclassifications | - | - | (1,006) | - | - | - | (1,006) |
| Revaluations | - | (11) | 351 | (5) | 28 | - | 363 |
| As at 31 March 2020 | - | 4,171 | 26,811 | 9,818 | 4,351 | - | 45,151 |
| Net Book Value | | | | | | | |
| As at 1 April 2019 | 7,824 | 37,298 | 20,361 | 7,854 | 5,653 | 2,297 | 81,287 |
| As at 31 March 2020 | 7,679 | 35,205 | 15,344 | 7,771 | 5,341 | 6,049 | 77,389 |

6. Right of use assets

| 2020-21 | Search & Rescue Helicopters | Land & Buildings | Aerial Surveillance Aircraft | Emergency Towing Vessel | Total |
|----------------------------|-----------------------------|------------------|------------------------------|-------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Valuation | | | | | |
| As at 1 April 2020 | 281,111 | 18,496 | 5,043 | 5,099 | 309,749 |
| Additions | - | 281 | 1,271 | - | 1,552 |
| De-recognition | - | (11) | - | - | (11) |
| Remeasurement | - | 50 | - | - | 50 |
| Reclassification | - | 35 | - | - | 35 |
| As at 31 March 2021 | 281,111 | 18,851 | 6,314 | 5,099 | 311,375 |
| Depreciation | | | | | |
| As at 1 April 2020 | 43,025 | 1,795 | 336 | 1,855 | 47,011 |
| Charge in year | 41,691 | 1,760 | 1,688 | 1,853 | 46,992 |
| De-recognition | - | (2) | - | - | (2) |
| As at 31 March 2021 | 84,716 | 3,553 | 2,024 | 3,708 | 94,001 |
| Net Book Value | | | | | |
| As at 1 April 2020 | 238,086 | 16,701 | 4,707 | 3,244 | 262,738 |
| As at 31 March 2021 | 196,395 | 15,298 | 4,290 | 1,391 | 217,374 |

| 2019-20 | Search & Rescue Helicopters | Land & Buildings | Aerial Surveillance Aircraft | Emergency Towing Vessel | Total |
|----------------------------|-----------------------------|------------------|------------------------------|-------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Valuation | | | | | |
| As at 1 April 2019 | 300,459 | 16,323 | 5,043 | 5,099 | 326,924 |
| Additions | - | 485 | - | - | 485 |
| De-recognition | (19,348) | (1) | - | - | (19,349) |
| Remeasurement | - | 1,689 | - | - | 1,689 |
| As at 31 March 2020 | 281,111 | 18,496 | 5,043 | 5,099 | 309,749 |
| Depreciation | | | | | |
| As at 1 April 2019 | - | - | - | - | - |
| Charge in year | 43,025 | 1,796 | 336 | 1,855 | 47,012 |
| De-recognition | - | (1) | - | - | (1) |
| As at 31 March 2020 | 43,025 | 1,795 | 336 | 1,855 | 47,011 |
| Net Book Value | | | | | |
| As at 1 April 2019 | - | - | - | - | - |
| As at 31 March 2020 | 238,086 | 16,701 | 4,707 | 3,244 | 262,738 |

Right of use land and buildings assets (£15,298,000) exceed property lease liabilities

(£13,690,000) due to 1 April 2019 transition adjustments for cumulative catch up of equity for peppercorn leases which are valued at market value in existing use and the re-classification from Property, plant & equipment (Note 5) of a finance lease asset at a higher amount than the corresponding lease liability.

7. Intangible assets

| 2020-21 | Software developments | Software licences | Intellectual property rights | Under development | Total |
|--|--------------------------|----------------------|------------------------------------|----------------------|---------------|
| | £000 | £000 | £000 | £000 | £000 |
| Cost | | | | | |
| As at 1 April 2020 | 9,609 | 3,435 | 8,160 | 4,369 | 25,573 |
| Additions | 563 | - | - | 1,990 | 2,553 |
| Reclassification | 2,298 | - | - | (1,488) | 810 |
| Revaluations | 878 | 69 | - | - | 947 |
| As at 31 March 2021 | 13,348 | 3,504 | 8,160 | 4,871 | 29,883 |
| Amortisation | | | | | |
| As at 1 April 2020 | 3,858 | 3,038 | 1,166 | - | 8,062 |
| Charge for year | 1,581 | 100 | 823 | - | 2,504 |
| Reclassification | (1) | - | - | - | (1) |
| Revaluations | 378 | 48 | - | - | 426 |
| As at 31 March 2021 | 5,816 | 3,186 | 1,989 | - | 10,991 |
| Net book value at 1 April 2020 | 5,751 | 397 | 6,994 | 4,369 | 17,511 |
| Net book value at 31 March 2021 | 7,532 | 318 | 6,171 | 4,871 | 18,892 |

The most significant assets by value reported are intellectual property rights valued at £6,171,000 and software assets for UK Ship Registration valued at £2,448,000 and for the Channel Navigation Information Service valued at £2,272,000. Assets under development include new software and further digital systems for seafarers valued at £2,367,000.

| 2019-20 | Software developments | Software licences | Intellectual property rights | Under development | Total |
|--|-----------------------|-------------------|------------------------------|-------------------|---------------|
| | £000 | £000 | £000 | £000 | £000 |
| Cost | | | | | |
| As at 1 April 2019 | 6,009 | 3,440 | 8,160 | 3,464 | 21,073 |
| Additions | 1,003 | 87 | - | 1,116 | 2,206 |
| Disposals | (21) | - | - | - | (21) |
| Transfers | 138 | 73 | - | (211) | - |
| Reclassifications | 2,277 | (238) | - | - | 2,039 |
| Revaluations | 203 | 73 | - | - | 276 |
| As at 31 March 2020 | 9,609 | 3,435 | 8,160 | 4,369 | 25,573 |
| Amortisation | | | | | |
| As at 1 April 2019 | 1,804 | 3,085 | 343 | - | 5,232 |
| Charge for year | 751 | 126 | 823 | - | 1,700 |
| Disposals | (21) | - | - | - | (21) |
| Reclassification | 1,244 | (238) | - | - | 1,006 |
| Revaluations | 80 | 65 | - | - | 145 |
| As at 31 March 2020 | 3,858 | 3,038 | 1,166 | - | 8,062 |
| Net book value at 1 April 2019 | 4,205 | 355 | 7,817 | 3,464 | 15,841 |
| Net book value at 31 March 2020 | 5,751 | 397 | 6,994 | 4,369 | 17,511 |

8. Inventories

| | 31 March 2021 £000 | 31 March 2020 £000 |
|--------------------------------|-----------------------|-----------------------|
| Stockpile goods | | |
| Balance at 1 April | 4,818 | 4,289 |
| Purchases | - | 178 |
| Write down | (11) | (69) |
| Net gain/(loss) on revaluation | 199 | 420 |
| Balance at 31 March | 5,006 | 4,818 |

9. Assets classified as held for sale

| | 31 March 2021 £000 | 31 March 2020 £000 |
|----------------------------|-----------------------|-----------------------|
| Balance at 1 April | - | 979 |
| Disposals | - | (979) |
| Balance at 31 March | - | - |

The sale of the former MCA Training Centre at Highcliffe, near Bournemouth, was completed on 16 September 2019.

10. Trade receivables and other assets

| | 31 March 2021 £000 | 31 March 2020 £000 |
|---|-----------------------|-----------------------|
| Amounts falling due within one year | | |
| Trade receivables | 3,225 | 2,641 |
| VAT receivables | 1,403 | 830 |
| Other receivables | 220 | 181 |
| Prepayments | 3,529 | 3,365 |
| Accrued income | 1,601 | 1,610 |
| Total current | 9,978 | 8,627 |
| Amounts falling due after more than one year | | |
| Other receivables | 56 | 41 |
| Total non-current | 56 | 41 |
| Total current and non-current | 10,034 | 8,668 |

11. Cash/(Borrowings)

| | 2020-21 £000 | 2019-20 £000 |
|-----------------------------|-----------------|-----------------|
| Balance at 1 April | (1,253) | 346 |
| Net change in cash balances | 3,084 | (1,599) |
| Balance at 31 March | 1,831 | (1,253) |

The following balances were held at:

| | 31 March 2021 £000 | 31 March 2020 £000 |
|-----------------------------------|-----------------------|-----------------------|
| Government Banking Service | 1,831 | (1,253) |
| Total balances at 31 March | 1,831 | (1,253) |

12. Trade payables and other liabilities

| | 31 March 2021 £000 | 31 March 2020 £000 |
|--|-----------------------|-----------------------|
| Amounts falling due within one year | | |
| Trade payables | 1,125 | 386 |
| Other payables | 1,172 | 1,088 |
| Accruals | 43,925 | 31,772 |
| Deferred income | 5,931 | 4,405 |
| | 52,153 | 37,651 |
| Balances where movement does not pass through the Statement of Comprehensive Net Expenditure: | | |
| Consolidated fund extra receipts | - | 2,904 |
| | - | 2,904 |
| Total current | 52,153 | 40,555 |

Consolidated fund extra receipts payable to HM Treasury at 31 March 2020 arose from the sale of the former MCA training centre site in Highcliffe, Dorset and were paid over in the current year.

13. Lease Liabilities

| 2020-21 | Search & Rescue Helicopters £000 | Land & Buildings £000 | Aerial Surveillance Aircraft £000 | Emergency Towing Vessel £000 | Total £000 |
|----------------------------|---|-----------------------------|--|---------------------------------------|----------------|
| As at 1 April 2020 | 244,129 | 14,535 | 4,866 | 3,277 | 266,807 |
| Additions | - | 486 | 1,270 | - | 1,756 |
| Interest | 4,420 | 275 | 346 | 48 | 5,089 |
| Payments | (44,572) | (1,633) | (1,806) | (1,748) | (49,759) |
| De-recognition | - | (8) | - | - | (8) |
| Remeasurement | - | 35 | - | - | 35 |
| As at 31 March 2021 | 203,977 | 13,690 | 4,676 | 1,577 | 223,920 |
| Current portion | 44,674 | 1,474 | 1,746 | 1,577 | 49,471 |
| Non-current portion | 159,303 | 12,216 | 2,930 | - | 174,449 |
| As at 31 March 2021 | 203,977 | 13,690 | 4,676 | 1,577 | 223,920 |

Leases in place at transition were discounted using the HM Treasury interest rate of 1.99% and this was applied during the financial year up to January 2020 when this changed to 1.27%. From January 2021 the rate provided by HMT changed to 0.91%.

| 2019-20 | Search & Rescue Helicopters | Land & Buildings | Aerial Surveillance Aircraft | Emergency Towing Vessel | Total |
|----------------------------|--------------------------------|---------------------|---------------------------------|-------------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| As at 1 April 2020 | 304,413 | 14,209 | 5,043 | 5,099 | 328,764 |
| Additions | - | 240 | - | - | 240 |
| Interest | 5,410 | 290 | 128 | 85 | 5,913 |
| Payments | (46,253) | (1,890) | (305) | (1,907) | (50,355) |
| De-recognition | (19,441) | (1) | - | - | (19,442) |
| Remeasurement | - | 1,687 | - | - | 1,687 |
| As at 31 March 2021 | 244,129 | 14,535 | 4,866 | 3,277 | 266,807 |
| Current portion | 43,867 | 1,536 | 983 | 1,858 | 48,244 |
| Non-current portion | 200,262 | 12,999 | 3,883 | 1,419 | 218,563 |
| As at 31 March 2021 | 244,129 | 14,535 | 4,866 | 3,277 | 266,807 |

Obligations under Leases

| 2020-21 | Search & Rescue Helicopters | Land & Buildings | Aerial Surveillance Aircraft | Emergency Towing Vessel | Total |
|---|--------------------------------|---------------------|------------------------------------|-------------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Obligations | | | | | |
| Not later than one year | 48,286 | 1,724 | 2,016 | 1,589 | 53,615 |
| Later than one year and not later than five years | 165,625 | 6,784 | 3,253 | - | 175,662 |
| Later than five years | - | 13,148 | - | - | 13,148 |
| | 213,911 | 21,656 | 5,269 | 1,589 | 242,425 |
| Less Interest | (9,934) | (7,966) | (593) | (12) | (18,505) |
| Present value of obligations | 203,977 | 13,690 | 4,676 | 1,577 | 223,920 |

Lease Charges within Statement of Comprehensive Net Expenditure

| | 2020-21 £000 | 2019-20 Restated £000 |
|---------------------------------------|-----------------|-----------------------------|
| Expense relating to short-term leases | 180 | 547 |
| Expense relating to VAT | 9,489 | 9,465 |
| Expense relating to low-value assets | - | - |

The amount reported in 2019-20 of £52,116,000 as expenses relating to VAT has been restated to £9,465,000 following further analysis.

Cash Outflow for Leases

| | 2020-21 £000 | 2019-20 £000 |
|-------------------------------|-----------------|-----------------|
| Total Cash outflow for leases | 49,759 | 50,355 |

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 lease obligations. Further details of these arrangements are disclosed at Note 2 Operating expenditure. Other obligations under contracts for Emergency Towing Vessels (ETV) and Aerial Surveillance (ASV) services with similar arrangements are treated in the same way.

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

14. Provisions for liabilities and charges

| | Leasehold dilapidations £000 | Other £000 | Total £000 |
|---------------------------------|---------------------------------|---------------|---------------|
| As at 1 April 2020 | 2,350 | 190 | 2,540 |
| Provided in the year | 50 | 269 | 319 |
| Not required written back | - | (42) | (42) |
| Utilised during year | - | (68) | (68) |
| Balance at 31 March 2021 | 2,400 | 349 | 2,749 |
| Current liability | 464 | 349 | 813 |
| Non-current liability | 1,936 | - | 1,936 |
| Balance at 31 March 2021 | 2,400 | 349 | 2,749 |

Analysis of expected timing of discounted cash flows:

| | Leasehold dilapidations £000 | Other £000 | Total £000 |
|---------------------------------|---------------------------------|---------------|---------------|
| Within 1 year | 464 | 349 | 813 |
| 2-5 years | 504 | - | 504 |
| 6-10 years | 198 | - | 198 |
| Over 10 years | 1,234 | - | 1,234 |
| Balance at 31 March 2021 | 2,400 | 349 | 2,749 |

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 £718,000 expected to be called within 50 years, £359,000 after more than 50 years and £157,000 after more than 75 years.

Leasehold dilapidations

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

Other

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

15. Capital commitments

| | 31 March 2021 £000 | 31 March 2020 £000 |
|-------------------------------|-----------------------|-----------------------|
| Property, plant and equipment | 55,773 | 1,741 |
| Intangible assets | 751 | 999 |
| Total | 56,524 | 2,740 |

The Radio Network Infrastructure Replacement programme accounts for £55,200,000 of the capital commitment in property, plant and equipment.

16. Contingent assets

The Agency seeks to recover costs from counter pollution incidents. In some cases, it may take several years before cost recovery claims are settled and the Agency holds contingent assets pertaining to the future value of such claims. Due to the nature of the claims it is not practicable to estimate the future financial effect as the timing and value are unknown and there is no guarantee of the claims being successful. In 2020-21, the MCA recovered costs of £363,080 from claims made against the owners of several vessels (2019-20: £36,034).

17. Events after the reporting period

Since the reporting period closed there has been continued economic uncertainty from the ongoing coronavirus pandemic with lockdown measures remaining across the UK and overseas.

The MCA has been engaged in discussions to arrange that the ownership of the MCA's headquarters property in Southampton should be transferred to the Government Property Agency. The transfer, by grant in kind of £10,550,000, is currently expected to take place on 1 January 2022. The MCA will then pay rent to occupy the building.

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.

18. Related party transactions

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

19. 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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