



Department
for Transport



Maritime &
Coastguard
Agency

FRAMEWORK DOCUMENT FOR THE MARITIME AND COASTGUARD AGENCY (MCA)

November 2017

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PURPOSE OF THIS DOCUMENT

1. This framework document has been drawn up by the Department for Transport (DfT, or “the Department”) in consultation with Maritime and Coastguard Agency (MCA, or “the Agency”). It sets out the broad framework within which the Maritime and Coastguard Agency will operate, but does not convey any legal powers or responsibilities. It is signed and dated by DfT and the MCA. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the MCA website.

PURPOSE OF THE MARITIME & COASTGUARD AGENCY

2. The Maritime and Coastguard Agency was established on 1 April 1998. It is an Executive Agency within the Department for Transport.

Main activities/responsibilities

3. The MCA promotes economic growth, facilitates the safety of shipping and seafarers, saves lives and protects the maritime environment. The MCA’s vision is to be the best maritime safety organisation in the world, its mission is – ‘Safer Lives, Safer Ships, and Cleaner Seas’.
4. The Agency provides a national 24-hour maritime search and rescue (SAR) emergency response service that can operate throughout the UK, at sea and internationally. It has further inherited responsibilities from the Ministry of Defence to provide a UK-wide SAR helicopter service. Aside from its own statutory obligations listed below, the MCA also supports the work of the blue light emergency response services through the deployment of its SAR helicopters.
5. It enforces standards for ship safety, security, pollution prevention and seafarer health, safety and welfare through its survey and inspection regime. In addition, it registers and certificates ships and seafarers; co-ordinates and contributes to maritime rescue and manages pollution prevention and response.
6. The Agency has responsibility for the United Kingdom’s implementation of the technical aspects of the following major conventions:-
 - The International Convention of the High Seas 1958, article 12;
 - Safety of Life at Sea (SOLAS) Convention 1974, and Protocol, 1988;
 - Convention on the International Regulations for Preventing Collisions at Sea, 1972 (COLREGs);
 - International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), 1978, as amended;
 - International Convention on Maritime Search and Rescue, 1979;
 - International Convention for the Prevention of Pollution from Ships 1973, and Protocol of 1978 (MARPOL);

- Annex 12 to the Convention on International Civil Aviation;
 - International Convention on Load Lines 1966, and Protocol of 1988; and
 - Maritime Labour Convention 2006 (MLC 2006).
7. The Agency promotes and administers the UK Ship Register. It is also responsible for the quality assurance of external organisations including Recognised Organisations, Classification Societies, Certifying Authorities, and the non-UK members of Red Ensign Group. It promotes the Red Ensign Group of Shipping Registers as a collection of quality, business-friendly flags under which to operate.

Location

8. The Agency's headquarters are in Southampton. The HM Coastguard National Maritime Operations Centre (NMOC) is based in Fareham and drives a network of ten other Coastguard Operations Centres around the UK (including London). The NMOC is also home to the Aeronautical Rescue Coordination Centre (ARCC) which tasks its search and rescue aviation assets. The Agency also has a network of Marine Office hubs around the UK.

ROLES, RESPONSIBILITIES AND ACCOUNTABILITY

Contact and engagement

9. The DfT is the responsible department for the MCA. The department and the MCA will have an open and honest, trust-based partnership supported by the principles set out in the 'Partnerships between Departments and Delivery Boards: Code of Good Practice'. As such, both parties will ensure that they clearly understand the strategic aims and objectives of their partners. Both partners will also commit to keeping each other informed of any significant issues and concerns.
10. The Agency Owner and Sponsor within the department are the primary contacts for the MCA. They are the main source of advice to the responsible minister on the discharge of his or her responsibilities in respect of the MCA. They also support the DfT Principal Accounting Officer (PAO) on their responsibilities toward the MCA.

The Secretary of State

11. The Secretary of State is accountable to Parliament for all matters concerning the Agency. They are responsible for the policy framework in which the Agency operates and for agreeing its strategic objectives, but will not normally become involved in day-to-day operational matters. The responsible Minister will account for MCA business in Parliament.
12. Ministerial responsibilities are exercised by;

- approving this Framework Document and any revisions to it;
 - approving the Agency's business plans;
 - approving any specific proposals from the Agency for changes to the Agency's strategic objectives (such changes having been agreed by the MCA Sponsorship Board); and
 - approving the Agency's Annual Report and Accounts prior to them being audited by the Comptroller and Auditor General, and being laid before Parliament.
13. The Secretary of State, or the Minister of State responsible for Transport Legislation and Maritime, will be supported in the discharge of these functions by the MCA Sponsorship Board (see paragraphs 46-48) chaired by a Director General in the DfT who acts as the Agency Owner (see paragraphs 19-22).
14. The Secretary of State, or the Minister of State responsible for Transport Legislation and Maritime, with responsibility for the MCA will decide the appropriate way to respond to Parliamentary Questions about the Agency. The Chief Executive will provide Ministers with any information needed to respond to Parliamentary business concerning the Agency. Ministers may also agree that MPs should be encouraged to write direct to the Chief Executive on matters assigned to the Agency under the terms of this Framework Document.
15. The Secretary of State, or the Minister of State for Transport Legislation and Maritime with responsibility for the MCA will:
- Hold the MCA Sponsorship Board to account for its governance of the MCA, its performance and ensuring that the MCA is guided and monitored in the public and taxpayer interest; and
 - Appoint the Non-Executive Chair of the MCA and oversee other appointments of Non-Executive Directors.

The Permanent Secretary

16. The Permanent Secretary, as the Department's Principal Accounting Officer, is responsible for the overall organisation, management and staffing of the Department and for ensuring there is a high standard of financial and other resource management in the Department. The Permanent Secretary needs to be satisfied that the Agency has adequate financial systems and procedures in place to promote the efficient and economic conduct of its business, and to safeguard financial regularity. The Permanent Secretary is responsible for the issue of any grant-in-aid to the MCA.
17. The Agency is subject to the jurisdiction of the Parliamentary & Health service Ombudsman. The Permanent Secretary remains the principal officer for that purpose, but delegates to the Chief Executive responsibility for the preparation of replies on any matter concerning the operation of the Agency and in most cases will regard the Chief Executive as best placed to reply.

18. The Permanent Secretary is also responsible for advising the Secretary of State on the exercise of the responsibilities as set out in paragraphs 11-15 exercising the duties and responsibilities as the Principal Accounting Officer for the Department as set out in paragraph 16; and exercising those Departmental financial, contractual and Human Resource Management responsibilities which have not been delegated to the Chief Executive.

Agency Owner

19. The Department for Transport's Director General with responsibility for Maritime will act as the Agency Owner on behalf of the Minister with responsibility for the Agency. The Agency budget will form part of the Director General's Group budget, and the Agency Owner will act as reporting officer for the Chief Executive.

20. The Agency Owner is responsible for allocating the Agency's resources as part of the Department's Business Planning Process and for setting its detailed objectives within the strategic parameters agreed by Ministers. The Agency Owner is responsible for advising the Principle Accounting Officer and the responsible Minister on:

- an appropriate framework of objectives and targets for MCA in the light of the department's wider strategic aims and priorities;
- an appropriate budget for the MCA in the light of the DfT's overall public expenditure priorities; and
- how well the MCA is achieving its strategic objectives and whether it is delivering value for money.

21. The Agency Owner is also responsible for ensuring arrangements are in place in order to:

- monitor the MCA's activities;
- address significant problems in the MCA, making such interventions as are judged necessary;
- periodically carry out an assessment of the risks both to the department and the MCA objectives and activities;
- inform the MCA of relevant government policy in a timely manner; and
- bring concerns about the activities of the MCA to the full MCA board, and, as appropriate to the departmental board requiring explanations and assurances that appropriate action has been taken.

22. The Agency Owner will be supported in these functions by the Agency Sponsor, which includes the Director Maritime, Policy and Financial Sponsors, and by the MCA Sponsorship Board (see paragraphs 23 – 426 and 46 - 48).

Agency Sponsor

23. The DfT's Director of Maritime is the Agency's Sponsor. The Director is accountable to the Director General for International, Security and Environment (Agency Owner) and the Secretary of State for the overall policy for shipping,

including marine safety, search and rescue and counter pollution response, and for oversight of all work on changes to the regulatory framework for shipping, including negotiations within international forums. The sponsor is responsible on behalf of the Agency Owner, the Minister and the Permanent Secretary for holding the MCA to account and gaining assurance on the body's governance, risk management, and internal control processes. The key focus of the sponsorship role is to support the MCA to be accountable, high performing and deliver value for money.

24. The Policy Sponsor and their supporting team will work in partnership with the Agency to manage the negotiation, preparation and implementation of any necessary maritime legislation with agreed lead responsibilities for each element of work, clearly defined negotiating parameters, and defined timescales. The Policy Sponsor and the Agency's Chief Executive will agree on practical arrangements, as required, to ensure clarity over responsibilities for different elements of work through the negotiating and legislative processes. They will act as the link to manage the relationship between the MCA and the Department, encouraging effective partnership working. They will actively promote a "One Team" approach to the use of resources so as to avoid duplication of effort.
25. The Senior Finance Business Partner within DfT 'Group Finance, Business Sponsorship' is nominated as the Financial Sponsor within the Department. They are responsible for the oversight of the Agency's finances. This includes, but is not limited to, monitoring in-year spending, advising the Agency Owner on any issues to do with in-year financial management and associated business planning and scrutinising the Agency's long-term spending and efficiency plans. They will also advise the Permanent Secretary on any issues to do with the MCA's accounts.
26. The Policy and Financial Sponsors will actively develop working relationships at all levels in line with the "One Team" approach to efficient working, providing advice, guidance and support as appropriate.

MCA Non-Executive Chair

27. The Non-Executive Chair of the MCA is accountable to the Secretary of State, reporting through the Minister and the Agency Owner. They are responsible for providing external advice and expertise with independence of thought to inform the decision-making process of the MCA Board.
28. The Chair is responsible for ensuring that policies and actions of the MCA support the responsible minister's wider strategic policies and that its affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the MCA. The Chair, together with the Chief Executive of the MCA will meet with the Permanent Secretary to review performance and evaluate arrangements in MCA, annually.
29. The MCA Chair has the following leadership responsibilities:

- formulating the MCA Board's strategy;
- ensuring that the MCA Board, in reaching decisions, takes proper account of guidance provided by the responsible minister or the department;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety;
- representing the views of the board to the general public; and
- reporting annually on their performance and that of their board to the Secretary of State / named Minister direct or as delegated, and the Agency Sponsor

30. The Chair also has an obligation to ensure MCA Board effectiveness, including:

- ensuring that the work of the MCA Board and performance of its individual members are reviewed annually and the Board is working effectively;
- reporting annually on their performance and that of the MCA Board, supported by feedback and evidence including peer review, to the Secretary of State / Minister direct or as delegated, and the Agency Sponsor.
- ensuring that the MCA board has a balance of skills appropriate to directing the MCA's business, as set out in the Government Code of Good Practice for Corporate Governance;
- reporting any concerns over MCA Board effectiveness to the named Minister and Sponsor;
- ensuring they, together with the other MCA Board members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- assessing the performance of individual MCA Non-Executive Board members when being considered for re-appointment, bearing in mind re-appointment is not automatic;
- ensuring there is an MCA Board Operating Framework in place setting out the role and responsibilities of the Board consistent with the Government Code of Good Practice for Corporate Governance.

31. The Non-Executive Chair attends the MCA Sponsorship Board meetings and reports to the Agency Owner on matters relating to the strategic direction of the Agency, the skills and experience of the MCA's Board, and the relationship with industry stakeholders.

32. Together with the MCA Chief Executive, the Non-Executive Chair will meet with the Minister at least annually, to discuss the Government's priorities for the agency and its performance in meeting its objectives. They will also attend annual face to face meetings with the relevant Scottish Minister to discuss the United Kingdom Government's strategic priorities for the Agency. The Non-Executive Chair may be called to appear before both the UK and the Scottish Parliament in relation to the sphere of responsibility and accountability of the strategic direction of the Agency, skills and experience of the MCA's Board, and the relationship with industry stakeholders.

Responsibilities of the MCA Chief Executive as accounting officer

33. The Chief Executive is appointed by the Secretary of State, the post having been advertised under the terms of fair and open competition. Remuneration is agreed between the DfT and the appointee in line with Civil Service pay rules.
34. The Chief Executive is appointed by the Permanent Secretary as the Agency's Accounting Officer. As the accounting officer, the Chief Executive is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the MCA. In addition, he or she should ensure that the MCA as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 of Managing Public Money.
35. The Chief Executive is accountable to the Agency Owner and through them to Ministers, within the terms of this Framework Document, for the Agency's performance; and has direct access to the Minister with responsibility for the Agency on all matters within the Agency's sphere of responsibility. The Chief Executive has delegated powers to intervene after a marine accident (Annex A) in accordance with Section 137 of the Merchant Shipping Act 1995 as amended by the Merchant Shipping and Maritime Security Act 1997; and is responsible to the Secretary of State for the exercise of these powers by the Agency and for the public interest to be taken into account when an accident to a ship might require salvage or other emergency action. The Agency, through the Chief Executive, is the source of professional, technical and expert advice to the Secretary of State on all matters within the scope of its remit.

Responsibilities for accounting to parliament

36. The accountabilities include:
- signing the accounts, ensuring that proper records are kept and that the accounts are prepared and presented in accordance with any directions issued by the Secretary of State;
 - preparing and signing a Governance Statement covering corporate governance, risk management and assurance of any local responsibilities, for inclusion in the annual report and accounts;

- ensuring that effective procedures for handling complaints about the MCA are established and made widely known within the Agency;
- acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued by the Department, the Treasury and the Cabinet Office;
- giving evidence, normally with the PAO, when summoned before the PAC on the MCA's stewardship of public funds.

Responsibilities to the Department for Transport;

37. Responsibilities to the Agency Owner include:

- establishing, in agreement with the Agency Sponsor, the MCA business plan in light of the department's wider strategic aims and priorities;
- ensuring that Scottish Ministers are consulted on the setting of 'strategic priorities' in respect of the MCA's activities in Scotland. (see paragraphs 52 and 58);
- informing the department of progress in helping to achieve the department's policy objectives and demonstrating how resources are being used to achieve those objectives;
- ensuring timely notification and engagement in relation to agreeing changes to the MCA's strategy;
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the department; that the department is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise (whether detected by internal audit or by other means), are notified to the department in a timely fashion; and
- ensuring there is an open and honest communication on Agency risks, and that risks are escalated to the ISE risk register where appropriate, in accordance with the DfT risk assessment criteria and guidance.

Responsibilities to the MCA Board

38. The chief executive is responsible for:

- directing the Board on the discharge of the MCA Board's responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time;
- reporting on the MCA's performance compared with its aims and objectives;
- ensuring that financial considerations are fully taken into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
- taking action as set out in paragraph 3.8.6 of Managing Public Money if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the

requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical.

The MCA Board

39. The MCA Board is the highest decision-making corporate management group in the MCA. It is chaired by the Non-Executive Chair and comprises the Chief Executive, Executive Directors, Non-Executive Directors and the Agency Policy Sponsor. It is primarily responsible for establishing, guiding and reviewing the strategic direction of the Agency, particularly in relation to:-

- Agency transformation and change programmes.
- Staff Health, Safety, Security and Environment.
- Financial strategy.
- Risk management.
- Relationships with government, industry and stakeholders.
- Relationships with the Devolved Administrations.
- Effectiveness and efficiency, including performance against targets and objectives and the Agency's Business Plan.

40. The MCA Board is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of the MCA, holding the executive board members to account for the effective and efficient delivery of the business plan, consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
- ensuring that the responsible minister is kept informed of any changes which are likely to impact on the strategic direction of the MCA or on the attainability of its targets, taking into consideration any dependencies for the DfT and other government departments, and determining the steps needed to deal with such changes;
- ensuring that any statutory or administrative requirements for the use of public funds as set out in Managing Public Money are complied with;
- that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the department;
- ensuring that the board receives and reviews regular financial information concerning the management of the MCA; is informed in a timely manner about any concerns about the activities of the MCA; and provides positive assurance to the department that appropriate action has been taken on such concerns;

- demonstrating high standards of corporate governance at all times, including by using the independent Audit, Risk and Assurance Committee to help the Board to address key financial and other risks.
41. The Non-Executive Directors challenge and support the Board to ensure that it operates in the best possible interests of the Agency and its stakeholders. They are not employees of the Agency and are not affiliated to the Agency in any way other than their work for the MCA Board. Non-Executive Directors are permanent members of the Audit, Risk & Assurance Committee.

Secretary of State's Representative (SOSREP)

42. The Secretary of State's Representative (SOSREP) is accountable to the Secretaries of State for the oversight, control and if necessary, intervention, and the exercise of "ultimate command and control", acting in the overriding interest of the UK in salvage operations within UK waters involving vessels or fixed platforms where there is significant risk of pollution. The SOSREP is supported by a deputy and other Agency resources to provide 24/7 coverage and capacity for concurrent interventions. When exercising Powers of Intervention on behalf of the Secretary of State, SOSREP acts as a non-Departmental Officer of the Crown. At other times the SOSREP is considered to be an MCA employee.

Receiver of Wreck

43. The Receiver of Wreck (MCA) administers the Merchant Shipping Act 1995 as it relates to matters of wreck and salvage. This is UK-wide and includes wreck recovered within UK territorial waters, and wreck brought within UK territorial waters. The Receiver ensures that the interests of both salvor and owner are taken into consideration and administers the Crown's right to unclaimed wreck. This encompasses all wreck, regardless of age, size or apparent value. The Receiver of Wreck's powers and obligations are set out in Part IX of the Merchant Shipping Act 1995. The majority of powers are assigned directly to the Receiver of Wreck, rather than the Secretary of State. These powers and obligations relate to dealing with wreck, dealing with vessels in distress and offences in respect of wreck. The Receiver of Wreck also administers aspects of section 2 of the Protection of Wrecks Act 1973 (dangerous wrecks) and the Royal Prerogative for Fishes Royal.

DfT Maritime Strategy Board

44. The DfT Maritime Strategy Board (MSB) comprises representatives of the UK Maritime Administration including the MCA, Marine Accident Investigation Branch (MAIB) and other maritime interests in the Department. It is chaired by the Director General of the International, Security and Environment Group.

45. The MSB takes a strategic overview of maritime policy development - acting as a challenge function and driving policy direction and its implementation (through regulation or other means) for all maritime matters for which the Department or its Non-Departmental Public Bodies (NDPBs) have responsibility. It provides any necessary policy direction to delivery bodies within the umbrella of the Strategy Board; and acts as a focal point for engagement with other Government Departments, NDPBs, the devolved administrations and maritime stakeholders on policies affecting UK maritime interests.

MCA Sponsorship Board

46. The performance of the MCA will be overseen by the MCA Sponsorship Board, chaired by the Director General acting as the Agency Owner. Other members of the MCA Sponsorship Board include the Maritime Director as the Agency Sponsor, MCA Non-Executive Chair, MCA Chief Executive, MCA Non-Executive Directors and the MCA Policy Sponsor. A representative from the Scottish Government, capable of representing Scottish interests will also attend MCA Sponsorship Board meetings.
47. The MCA Sponsorship Board advises the Agency Owner, and through them the Minister with responsibility for the Agency, on its performance against the business plan and its associated objectives. Where the performance of the Chief Executive comes under discussion, this will normally take place between the Agency Owner, the Non-Executive Chair and Non-Executive Directors of the MCA as appropriate.
48. The Chief Executive reports on the performance of the Agency to the MCA Sponsorship Board. The MCA Sponsorship Board provides the Chief Executive with advice, support and assistance. Discussions regarding programme / project investments may be raised for awareness at the MCA Sponsorship Board, however, the review and assessment of such programmes / projects will take place through the relevant DfT investment board(s) as appropriate.

Marine Accident Investigation Branch (MAIB)

49. The investigation of marine accidents is the responsibility of the MAIB, which is not part of the Agency. It reports direct to the Secretary of State on its investigations. The Agency has an operating agreement with the MAIB. The MAIB has the primary function of identifying and sharing lessons to be learned to improve maritime safety. The Agency may also investigate maritime accidents but will focus its investigation on any significant breaches of legislation.

Other Bodies

50. The MCA works together with many other Government Departments to deliver its responsibilities, including the Department for Environment Food and Rural Affairs, the Foreign and Commonwealth Office, the Home Office, the Department for Business, Energy and Industrial Strategy and the Ministry of Defence. It also

works in close partnership with the other emergency services to provide its search and rescue services.

51. The Agency's relationships with the Health and Safety Executive (HSE) and the Marine Management Organisation (MMO) are set out in separate Memoranda of Understanding, which are kept under review.
52. The Agency's relationships with the Devolved Administrations of Scotland, Wales and Northern Ireland follow the principles set out in the Memorandum of Understanding between the Westminster Parliament and those Administrations, and relevant Concordats which are in force. The MCA also has a bespoke Memorandum of Understanding in place with the Scottish Government, which sets out the arrangements for ensuring Scottish Ministers are consulted on MCA activities within Scotland.

FINANCIAL REGIME

53. The Agency is funded through a DfT Request for Resource (RfR) with its budget forming part of the International, Security and Environment Group's budget. The Agency is subject to public expenditure controls, including Request for Resource (RfR) and relevant Government spending review arrangements, including central Cabinet Office expenditure controls on consulting, ICT, recruitment, marketing and property. The Agency is controlled on a gross running costs basis (receipts generated by the Agency do not offset its administration costs).

Accounting Arrangements

54. The Chief Executive is responsible for ensuring that the Agency's management information and accounting systems allow for detailed and effective control over its use of resources. The accounting system will permit verification of the accounts by the Comptroller and Auditor General. The departmental finance directorate retains ultimate responsibility for the Agency in regard to RfR accounting and will obtain such summarised information from the Agency as is necessary for that purpose.

External audit

55. The Comptroller & Auditor General (C&AG) audits the Agency's annual accounts, which must be laid in Parliament alongside a report. The C&AG:
 - will consult the Department and Agency on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
 - has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the Agency;
 - will share with the Sponsor Department information identified during the audit process and the audit report (together with any other outputs) at the end of the

- audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the Agency; and
- will, where asked, provide Departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.
56. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Agency has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the Agency shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Financial Delegations

57. The Agency's expenditure forms part of the Department's DEL and AME control totals and the Chief Executive is delegated each year a budget as part of the 'Delegations of Responsibilities letter'. The Chief Executive is expected to manage his resource and capital expenditure within those delegated limits. The Chief Executive has delegated financial authority to commit expenditure and authorise payments as follows:
- **Administration and programme costs:** Unlimited within budget, except for certain types of losses, claims waived or abandoned, and special payments where the relevant delegation from the Treasury to the Department applies.
 - **Unbudgeted emergency:** Unlimited, but the Policy and Financial Sponsors must be notified and kept informed of pollution incidents and the level of expenditure (given the possible need for the Department to find offsetting savings from elsewhere in its allocations and/or to seek a claim on the HM Treasury Reserve).
58. The Chief Executive has the discretion to authorise financial delegations to staff within the Agency. Such delegations will always be made in writing, with appropriate separation of duties, to ensure the rules governing regularity and propriety are observed and proper accountability maintained.
59. Within agreed budgets and subject to the above financial delegations, the Agency has authority to re-deploy resources according to HM Treasury rules.
60. Proposals to invest in capital projects which exceed the Departmental and/or relevant RfR limits set by HM Treasury must be referred to DfT's Maritime Directorate, who will consult as appropriate prior to seeking HM Treasury approval. The Maritime Directorate will keep the Agency informed of the limits in force.

Contractual Delegations

61. Subject to any overriding control arrangements at the time, the Chief Executive has unlimited delegated authority for competitive and single tender procurement within Departmental guidelines. The Chief Executive should authorise contractual delegations to staff. Such delegations will always be made in writing to ensure that proper accountability is maintained.
62. Contractual Authority is delegated by the Principal Accounting Officer to the Chief Executive. The Chief Executive may sub-delegate authority in writing to other staff within MCA, provided this is to named individuals in specific posts who have confirmed in writing that they have accepted the Contractual Authority conditions.
63. Contractual Authority is subject always to the availability of funds and the necessary financial and business case approval. Contractual Authority may not be exercised by any individual in cases where they are also responsible for giving financial approval.
64. Contractual Authority carries an absolute requirement for accountability, together with an exposure to audit. In particular, Contractual Authority implies that the delegated holder is confirming:
 - Fairness (demonstrated by competition);
 - Legality (compliance with the EU and UK Government Procurement Directives);
 - Contractual risk (that the formal terms and conditions will protect MCA against key contractual risks);
 - Value for money (that value for money has been achieved by optimising the combination of whole-life cost and quality); and
 - Governance (procurement procedures have been adhered to).

Revision of Delegations

65. Delegations are subject to periodic review and any changes agreed between the Chief Executive and the Department. Agreed changes are confirmed by letter from the Department's Principal Finance Officer to the Chief Executive.

Insurance

66. The Agency's risks, including public and employer liability, are carried in line with Government policy on insurance. The Agency will consult their Policy and Financial Sponsors within the Department before incurring any liabilities outside the Agency's normal course of business or requiring specific guarantees or letters of comfort. The Chief Executive will keep the Department informed of the level of contingent liability on a regular basis.

Wider Markets

67. In accordance with HM Treasury guidance on selling services to the wider market, the Agency is encouraged to make the most of its assets by either acting more commercially or by exploring wider market opportunities where appropriate.

Audit Arrangements

68. The Chief Executive will maintain and direct the Agency's internal audit work. That will be supported by an Audit Committee which, alongside other duties, will approve the internal audit programme of work and consider the main issues arising from the auditors' work. All reports and other audit outputs are performed on behalf of the Chief Executive as Accounting Officer, and will not be passed to the Department without agreement. However, the MCA will forward the audit strategy, periodic audit plans and annual audit report, including the MCA Head of Internal Audit opinion on risk management, control and governance as soon as possible to the sponsor department
69. If the Agency's internal audit service is provided by the Department it shall be subject to a service level agreement. If it is not provided by the Department, the service provider will be subject to periodic checks by the Department's internal audit services to confirm that it is meeting the standards set out in the Public Sector Internal Audit Standards.
70. The Agency is subject to external audit and value for money scrutiny by the Comptroller and Auditor General.

Fees and Charges

71. The Chief Executive is responsible for reviewing and making proposals for fee levels to Ministers, subject to consultation with industry and with the prior agreement of the Policy Sponsor. Statutory fees and charges should be set at levels which aim to recover the full economic cost of work undertaken, in accordance with HM Treasury guidance on fees and charges (chapter 6 of Managing Public Money guidance). Non-statutory charges should be set at levels which at least recover the direct costs, unless there is HM Treasury agreement to the contrary.

Financial Relationships

72. The designated Business Partner team in DfT Group Finance is responsible for the management of the day to day financial relationship between the Department and the Agency.
73. The Departmental Group Finance Director has the ultimate responsibility for satisfying the Principal Accounting Officer that the Department and the Agency have effective financial management systems and procedures, and that the operation of those systems and procedures is consistent with the requirements of regularity, propriety and the economic and efficient conduct of business.

Gifts, losses and special payments

74. The Agency must keep a register of gifts, write-offs, losses and other special payments. These include losses due to fraud, extra-contractual (including negotiated severance deals), ex-gratia and compensation payments as defined in Managing Public Money. All such transactions that exceed the financial delegated authority levels to the Agency must not be completed without prior approval from the Department and, where appropriate, HM Treasury.

Disposal of fixed assets

75. The Agency must maintain an accurate and up-to-date register of its fixed assets.
76. The Agency must dispose of assets which are surplus to its requirements save that it may not dispose of land without the consent of the Department. Assets must be sold for best price, taking into account any costs of sale. High-value assets must be sold by auction or competitive tender, unless otherwise agreed by the Department, and in accordance with Managing Public Money, Chapter 4.15.

Lending and borrowing

77. No grant or grant-in-aid can be paid into any reserve held by the Agency. Funds in any reserve may be a factor for consideration when grant-in-aid is determined.
78. No money can be borrowed by the Agency, other than that reasonably required for efficient day-to-day management and operation of the Company's duties (such as corporate credit cards etc.).

BUSINESS PLANNING

79. The Chief Executive prepares and agrees with the Agency Owner and the MCA Sponsorship Board a fully-costed business plan which is submitted to Ministers. Once approved, the Chief Executive is responsible for implementing the business plan.
80. Each year, the MCA will engage with the department as part of the business planning process. The MCA will agree with the Agency Owner and Agency Sponsor the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the MCA's statutory and other duties and, within those duties, any priorities set from the responsible minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan will demonstrate how the MCA contributes to the achievement of the department's priorities.
81. The business plan will include key targets and milestones for the year ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the department. The business plan should be published by the MCA on its website and separately be made available to staff.

82. The following key matters should be included within the plan:

- key objectives and associated key performance targets for the year, and the strategy for achieving those objectives;
- key non-financial performance targets;
- a review of performance in the preceding financial year, together with comparable outturns for the previous year, and an estimate of performance in the current year;
- an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
- other matters as agreed between the department and the MCA.

83. Scottish Ministers will be consulted on the setting of 'strategic priorities' in respect of the MCA's Coastguard and safety at sea activities in Scotland.

Budgeting procedures

84. Each year, in the light of decisions by the Agency Owner and Agency Sponsor on the updated draft business plan, the Finance Sponsor will send to the MCA ahead of the start of the new financial year:

- a formal statement of the annual budgetary provision allocated by the department (subject to Parliamentary approval of the main estimate); and
- a statement of any planned change in policies affecting the MCA.

85. The approved annual business plan will take account of both approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

MONITORING AND REPORTING

MCA Performance Indicators

86. The Agency's Key Performance Indicators (KPIs) will be agreed with DfT Ministers and will invariably cover core functions, safety initiatives and organisational efficiency, including oversight of dependencies for DfT and other government departments.

87. These KPIs will be published annually in a Business Plan, the availability of which will be formally notified to Parliament.

Reporting performance to the department

88. The MCA shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans. The MCA shall inform the Agency Sponsor of any changes that may impact the achievement of its objectives. It shall report financial and non-financial performance, including the achievement of key objectives regularly and the MCA's performance shall be formally reviewed by the MCA Sponsorship Board on a quarterly basis.

Assurance

89. MCA will provide the assurance information required by the DfT Assurance Framework and complete a formal year end Management Assurance exercise as requested by DfT.

90. The Department and Agency will agree what management and financial information will be required at the start of the year. The Department will be mindful of the need to avoid duplicate requests for the same information and will be mindful of the need to minimise reporting costs for the Agency. The Department will be clear about the information it needs and how it will be used.

MCA / DfT Liaison arrangements

91. The followings arrangements will take place to ensure a regular flow of information and sufficient level of engagement between the MCA and DfT:

- The Non-Executive Chair and Chief Executive will meet with the responsible minister (unless delegated to another senior official) once a year, to discuss Government's priorities for the Agency and its performance in meeting its objectives.
- The Non-Executive Chair and Chief Executive will meet with the Permanent Secretary (unless delegated to another senior official) to review performance and evaluate arrangements in the MCA.
- The Agency Owner will meet with the Non-Executive Chair on a monthly basis to discuss the MCA's progress and performance against strategic objectives.
- The Agency Owner will hold monthly one-to-one meetings with the Chief Executive to discuss objectives and tactics.
- The MCA Sponsorship Board will meet on a quarterly basis to review MCA performance and delivery against objectives.
- The Maritime Strategy Board will meet on a quarterly basis to drive policy direction and its implementation.
- The Agency Sponsor will chair regular 'Contact Group' meetings (every fortnight where possible) between the MCA Chief Executive, MCA Directors and Deputy Directors within the Maritime Directorate to discuss live, cross-cutting, and time critical issues.

- The Agency Sponsor will hold regular one-to-one meetings with the Chief Executive to ensure a steady flow of information between MCA and DfT, and that there is alignment to support and enable a 'single maritime voice'.
- The Policy Sponsor will attend monthly MCA Board meetings, to provide strategic policy advice, consider achievement against objectives, and provide constructive challenge where appropriate. The MCA Board Secretariat will provide copies of Board agendas, minutes and supporting papers to the Policy Sponsor team at the same time as they are sent to the Board.
- The Finance Sponsor will liaise regularly with MCA officials to review financial performance against plans and expenditure against its Departmental Expenditure Limits and Annually Managed Expenditure allocations.

AUDIT AND ACCOUNTING

Accounting procedures

92. As Agency Accounting Officer, the Chief Executive will ensure that proper financial procedures are followed, and that appropriate accounting records are maintained to satisfy internal management reporting and external audit requirements.

Annual Report and Accounts

93. The Chief Executive prepares and publishes an annual report of its activities together with its audited accounts (Annual Report and Accounts) each year. The accounts shall be prepared in compliance with the accounting principles and disclosure requirements of HM Treasury's Financial Resource Accounting Manual (FReM) in accordance with the Accounts Direction set by HM Treasury.

94. The Annual Report and Accounts review the operations of the Agency in the year to which they relate, and provide details of its financial performance and its performance against non-financial objectives. The Annual Report and Accounts are audited by the Comptroller and Auditor General, and must be approved by the Minister prior to being published and laid before Parliament before the summer recess each year.

95. The report and accounts shall be laid in parliament and made available on the MCA's website, in accordance with the guidance in the FReM. The MCA will provide the department with its finalised (audited) accounts by the requested deadline each year in order for the accounts to be consolidated within the DfT's Annual Report and Accounts. The MCA will also share its Annual Report and Accounts with Transport Scotland each year, enabling those to be laid before the Scottish Parliament.

Audit Arrangements

96. The Chief Executive will maintain a proportionate internal audit service for the Agency, provided in accordance with the standard required by the Treasury's Public Sector Internal Audit Standards (PSIAS). Details of audit arrangements are set out in the Financial Memorandum at Annex B.
97. The Chief Executive will ensure that an Audit, Risk & Assurance Committee (ARAC) is established to oversee the corporate governance requirements of the Agency, in accordance with the Code of Good Practice for Corporate Governance and Risk Assurance Committee Handbook.
98. The Chief Executive will ensure that the Audit Committee and Senior Management are aware of the HM Treasury Internal Audit Customer Handbook (published July 2013) to ensure they have adequate knowledge of internal audit services, particularly in government bodies.
99. The MCA will forward the audit strategy, periodic audit plans and annual audit report, including the MCA Head of Internal Audit opinion on risk management, control and governance as soon as possible to the sponsor department.
100. The Head of Internal Audit shall have direct access to the Chief Executive, Non-Executive Chair and the Chair of the Audit, Risk & Assurance Committee regarding matters of concern, risk or control through open dialogue and regular meetings. The Internal Audit service will have a right of access to all documents, including where the service is contracted out.

STAFF, PAY, AND RECRUITMENT

General

101. The Chief Executive is responsible for the Human Resource Management of all Agency's staff, other than those within the Senior Civil Service, except for those pensions and security matters where delegated authority has not been granted by the Cabinet Office.

Status of Staff and Conditions of Service

102. The Agency's staff are Crown employees subject to the Civil Service Management Code. Staff remain in, and new recruits will join, one of the Principal Civil Service Pension Schemes unless they opt out. They are eligible to transfer and be promoted elsewhere within the Department or to other Government Departments where opportunities exist.
103. Existing terms and conditions of service continue to apply to the Agency's staff unless changes are made by the Chief Executive in the light of the development of the Agency, after prior consultation with staff and their Trade Unions, and with the Department and the Cabinet Office.

104. Coastguard Rescue Officers are volunteers. The Agency has provided the Coastguard Rescue Service injury compensation scheme to cover in the event of an injury incurred during their response to a callout.

Pay and Reward

105. The Secretary of State has responsibility for the pay and reward arrangements within the Agency, except for members of the Senior Civil Service (SCS). The Cabinet Office is responsible for setting the pay and reward framework for the SCS. The central Department will negotiate the pay and reward arrangements for Agency staff below SCS. The Agency will need to implement the changes resulting from those negotiations. The central Department operates within the Cabinet Office SCS pay and reward framework and sets the pay arrangements for SCS in the Agency.

Senior Civil Service

106. The Permanent Secretary has responsibility for management of the Senior Civil Service, within the broad framework determined by the Cabinet Office. In exercising those responsibilities, the Permanent Secretary consults the Chief Executive where appropriate and may also delegate certain responsibilities, by agreement to the Chief Executive.

Recruitment and Promotion

107. Subject to wider Government and Departmental policies, the Chief Executive may recruit and promote to any post in the Agency, except Senior Civil Service posts, in accordance with the rules and procedures promulgated by the Civil Service Commissioners and in accordance with the Civil Service Management Code. Recruitment and promotion are on merit.

Training and Development

108. The Chief Executive is responsible for identifying and meeting the training and development needs of all Agency Staff.

Employee Relations

109. The Chief Executive is responsible for employee relations within the Agency and attaches importance to consultation with staff and their representatives. The Chief Executive also:

- recognises Trades Unions where they are representative and is committed to developing an effective relationship with them;

- attaches importance to the need to make full use of the skills and talents of staff and to provide them with an opportunity to contribute to decisions affecting their jobs; and
- ensures appropriate consultative arrangements exist and consults staff and recognised Trade Unions on any proposed changes to the arrangements.

Health and Safety

110. The Chief Executive is bound by the Department's Health and Safety Policy Statement and all relevant Health and Safety legislation. The Agency has a duty to ensure that health and safety policy and legal requirements are met fully.

Inclusion and Diversity

111. The Agency has a responsibility for complying with its legal obligations and for the active promotion of the principles of inclusion.

PARLIAMENTARY SELECT COMMITTEES

112. This section relates to Committees other than the Public Accounts Committee, which is covered at paragraph 32. The Secretary of State decides which officials should represent them at hearings of Parliamentary Committees, and will normally ask the Chief Executive to attend and give evidence when operational matters concerning the Agency are discussed. The Chief Executive may also be invited to give evidence in their own right to Parliamentary Committees.

113. The Non-Executive Chair may also be asked to attend Parliamentary Committees to respond to inquiries made within the remit of the expenditure, administration and policy of the MCA.

RISK MANAGEMENT

114. The Chief Executive is responsible for developing and maintaining a risk management system in accordance with in accordance with the Treasury guidance 'Management of Risk: Principles and Concepts', and for its effective use throughout the Agency. The Agency's approach and documentation will be broadly compatible with those of the Department. The risk management process provides the Executive Board with regular assessments of threats to, and opportunities for, the Agency's business.

115. The MCA will have regard to the DfT Risk Management Policy and Guidance and will, where practicable, seek to align their own processes and procedures to the departmental guidance. The MCA will escalate risks to the ISE risk register where appropriate, in accordance with the DfT risk assessment criteria and guidance.

116. The Chief Executive reviews the Agency's risk management system at least annually and reports on its effectiveness via the Annual Report and Accounts in the Governance Statement. The risk management system is additionally examined by the Audit Risk & Assurance Committee and the National Audit Office.
117. A Non-Executive Director will chair the Audit Risk & Assurance Committee, who will report to the departments Group Audit, Risk, & Assurance Committee (GARAC). However, any Board member may raise concerns to the department at any time through ministers and/or senior officials.

REVISING THE FRAMEWORK DOCUMENT

Review

118. The Framework Document will be reviewed by the MCA Sponsorship Board. The review will fit in with the MCA's scheduled Tailored Review, but will also be updated following any significant change in government policy relating to the MCA's business or as a result of a spending review.
119. Following consultation within DfT on any updates, the Framework Document will be cleared with HM Treasury Officer of Accounts (TOA) before being submitted to DfT Ministers for final clearance. Following final clearance, the Framework Document will then be placed in the Houses of Parliament libraries and made available on the DfT and MCA website.

ANNEX A - DECLARATION

A.1.1 My intervention powers as Secretary of State for Transport, as defined in the Merchant Shipping Act 1995 as amended by the Merchant Shipping and Maritime Security Act 1997, may be exercised by officers holding the following positions in the Maritime and Coastguard Agency:

- The Secretary of State's Representative (SOSREP) and his Deputy
- The Chief Executive
- Director of Maritime Operations
- The Chief Coastguard

A.1.2 And, exceptionally as delegated by name by one of the above for a specific incident in writing, Counter Pollution and Salvage Officers and the Head of Counter Pollution and Response.