



Department  
for Transport

# **Executive Agency Framework Document**

## The Maritime and Coastguard Agency

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# 1. Introduction and background

## Background

- 1.1 The Maritime and Coastguard Agency is an Executive Agency of the Department for Transport. The Maritime and Coastguard Agency promotes economic growth, facilitates the safety of shipping and seafarers, saves lives and protects the maritime environment. The Maritime and Coastguard Agency's vision is to be the best maritime safety organisation in the world. Their mission is 'safer lives, safer ships and cleaner seas'.

## Purpose of document

- 1.2 This framework document (the 'framework document') has been agreed between the Department for Transport ('the DfT', 'the Department' or 'the Sponsor') and the Maritime and Coastguard Agency ('MCA' or 'the Agency') in accordance with HM Treasury's handbook Managing Public Money<sup>1</sup> ('MPM') (as updated from time to time) and has been approved by HM Treasury.
- 1.3 The framework document sets out the broad governance framework within which the MCA and the DfT operate. It sets out the MCA's core responsibilities; describes the governance and accountability framework that applies between the roles of the DfT, MCA and other parties, e.g. shareholder team if outside sponsor, other department with a policy interest, Transport Scotland (Paragraph 4.15 refers); and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.
- 1.4 The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms.

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<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1000670/MPM\\_Spring\\_21\\_with\\_annexes\\_080721.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1000670/MPM_Spring_21_with_annexes_080721.pdf)

- 1.5 Copies of this 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 and gov.uk.
- 1.6 This framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate, that have been agreed with HM Treasury and the Principal Accounting Officer of the sponsor department. The next review is in three years unless any Public Body Review identifies further material changes that are needed to the Framework Document.

## Objectives

- 1.7 The DfT and the MCA share the common objective of delivering the strategic ambitions and priorities, including to enhance economic growth, people and safety and environment and decarbonisation, and continuing to be recognised as the global leader in maritime safety and security standards and expertise.
- 1.8 To achieve this the MCA and the DfT will work together in recognition of each other's roles and areas of expertise, providing an effective environment for the MCA to achieve its objectives through the promotion of partnership and trust and ensuring that the MCA also supports the strategic aims and objective of the department and wider government as a whole.

## Classification

- 1.9 The Maritime and Coastguard Agency has been classified as a central government organisation by the Office for National Statistics (ONS)/HM Treasury Classifications Team.
- 1.10 It has been administratively classified by the Cabinet Office as an Executive Agency.

## 2. Purpose, aims and duties

### Purpose

- 2.1 The MCA was established on 1 April 1998 by the Department for Transport, and as an Executive Agency does not have a separate legal personality to the department.
- 2.2 The MCA is a safety regulatory body with a search and rescue function. The MCA strives to be a world-leading maritime safety organisation delivering on state coastal, flag and port commitments to the United Nation on fleet, counter pollution, maritime safety information and search and rescue.

### Powers and duties

- 2.3 The MCA's powers and duties stem primarily from the functions of the Secretary of State under the Merchant Shipping Act 1995 and a wide range of secondary legislation, much of which implements international maritime conventions made under the auspices of the International Maritime Organization or the International Labour Organization. The applicable secondary legislation includes the:
  - Merchant Shipping (Registration of Ships) Regulations 1993
  - Merchant Shipping (Health and Safety at Work) Regulations 1997
  - Merchant Shipping (Load Line) Regulations 1998
  - Merchant Shipping (Accident Reporting and Investigations) Regulations 1999
  - Merchant Shipping (Passenger Ships on Domestic Voyages) Regulations 2000
  - Merchant Shipping (Prevention of Air Pollution from Ships) Regulations 2008
  - Merchant Shipping (Port State Control) Regulations 2011
  - Merchant Shipping (Passengers' Rights) Regulations 2013
  - Merchant Shipping (Survey and Certification) Regulations 2015
  - Merchant Shipping (Work in Fishing Convention) Regulations 2018
  - Merchant Shipping (Prevention of Oil Pollution) Regulations 2019
  - Merchant Shipping (Safety of Navigation) Regulations 2020
  - Merchant Shipping (Standards of Training, Certification and Watchkeeping) Regulations 2022
  - Merchant Shipping (Recognised Organisations) (Amendment) EU Exit Regulations 2019.

The international conventions and other agreements that the MCA implements include:

- International Convention for the Safety of Life at Sea (SOLAS), 1974
- Convention on the International Regulations for Preventing Collisions at Sea (COLREGs), 1972
- International Convention on Standards of Training, Certification and Watch-keeping for Seafarers (STCW), 1978
- International Convention on Maritime Search and Rescue (SAR), 1979
- International Convention for the Prevention of Pollution from Ships (MARPOL), 1973
- International Code of Safety for Ships using Gases or other Low-flashing Point Fuels
- International Convention on Load Lines, 1966
- International Convention for the Control and Management of Ships' Ballast Water and Sediments
- Code for Ships Operating in Polar Waters (Polar Code)
- International Management Code for the Safe Operation of Ships and for Pollution Prevention (International Safety Management (ISM) Code)
- International Code for the Security of Ships and of Port Facilities (ISPS Code)
- Maritime Labour Convention (MLC), 2006
- IMO Instruments Implementation Code (III Code) IMO Resolution A.1070(28)
- Framework and Procedures for the IMO Member State Audit Scheme IMO Resolution A.1067(28)
- Code for Recognized Organizations (RO Code)
- Article 73 UN Charter.

2.4 Further to this, His Majesty's Coastguard is a Category 1 responder under the Civil Contingencies Act 2004.

2.5 The MCA's statutory duties and functions include:

- Operating the United Kingdom ship registry
- Survey and certification of ships
- Carrying out Port State Control inspections of foreign-flagged vessels
- Enforcement of standards relating to health and safety at sea
- Regulation and assessment of seafarer training
- Counter pollution response
- Provision of maritime safety information
- Vessel traffic management
- Provision of a national 24-hour maritime search and rescue (SAR) and emergency response service that can operate through the UK, at sea and on the coast.
- Enforcement of standards of the statutory surveys and certification delegated to Recognised Organisations and Certifying Authorities in accordance with the IMO Instruments Implementation Code

- Oversight of maritime in the Crown Dependencies and Overseas Territories in the Red Ensign Group (REG). The REG is a collaboration of United Kingdom shipping registries including British Overseas Territories and Crown dependencies. Its stated purpose is to combine resources to maintain safety and quality across the British fleet.

## Aims

2.6 The Maritime & Coastguard's Agency's strategic aims are to:

- be a world-leading flag and port state
- be a world-leading coastal state
- contribute to unlocking sustainable growth in the UK maritime economy.

2.7 The Agency's detailed plans and aspirations are set out in its annual Business Plan agreed by Ministers and published on the GOV.UK website. The MCA's 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', and its mission is 'Safer Lives, Safer Ships, and Cleaner Seas'.

2.8 The MCA contributes to the mission statements of the government which includes Kickstart economic growth; Make Britain a clean energy superpower; Break down barriers to opportunity. The MCA also contribute to the Transport priorities such as Delivering greener transport; Better integrating transport networks; Transforming infrastructure to work for the whole country, promoting social mobility and tackling regional inequality.

2.9 The MCA fulfils an essential safety role across the United Kingdom's maritime environment. Examples of their work include:

- HM Coastguard response
- Marine Surveyors carrying out inspections and surveys on United Kingdom registered ships; and port state control inspections of foreign registered ships which can lead to ship detentions
- setting standards to protect over 11,000 miles of coastline and being ready to respond to pollution incidents
- encouraging safe behaviours from over 200 million coastal tourist visits
- promoting and enforcing better safety and wellbeing amongst workers on fishing vessels
- facilitating the implementation of trials and projects, supporting regulation updates and driving forward change in industry in the uptake of innovative technologies that will lead to zero emission shipping by 2050.

## 3. Governance and accountability

### Governance and accountability

- 3.1 The Maritime and Coastguard Agency shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this framework document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.
- 3.2 In particular (but not limited to, the MCA should:
- comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice<sup>2</sup> (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report
  - comply with MPM
  - in line with MPM have regard to the relevant Functional Standards<sup>3</sup> as appropriate and in particular those concerning Finance, Commercial and Counter Fraud
  - take into account, the codes of good practice and guidance set out in Annex A of this framework document, as they apply to MCA.
- 3.3 In line with MPM Annex 3.1, the MCA shall provide an account of corporate governance in its annual governance statement including the Accounting Officer, Board's, and Committees assessment of its compliance with the Code with

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<sup>2</sup> <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

<sup>3</sup> <https://www.gov.uk/government/collections/functional-standards>

explanations of any material departures. To the extent that the MCA does intend to materially depart from the Code, the sponsor should be notified in advance.

## 4. Role of the Department for Transport

### The responsible Minister

- 4.1 The Secretary of State is accountable to Parliament for all matters concerning the MCA.
- 4.2 The Ministers' powers and rights in respect of the MCA are:
- 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)
  - approving the Agency's Annual Report and Accounts prior to them being audited by the Comptroller and Auditor General and being laid before Parliament
  - appointing Non-Executive Chair ("Chair") and Non-Executive Directors to the MCA Board.

### Appointments to the Board

- 4.3 The Chief Executive of the MCA is appointed by the department. This appointment is a senior civil service appointment and should be carried out in compliance with the Civil Service Recruitment Principles, with the recruitment panel chaired by a Civil Service Commissioner.
- 4.4 The Minister shall have the following appointment and approval rights in relation to the MCA's Board:
- the chairperson is appointed by the Secretary of State. This appointment is not subject to the Public Appointments Order in Council however the process

should be led by the Department and in accordance with the Governance Code on Public Appointments

- Non-executive Directors are appointed by the Secretary of State. These appointments are not subject to the Public Appointments Order in Council however the process should be led by the Department and in accordance with the Governance Code on Public Appointments
- all such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint Boards which include a balance of skills and backgrounds
- appointments should be made for a term of three years with the possibility of renewal for a second term if there is a satisfactory performance appraisal. In exceptional cases, the Secretary of State may decide an individual's skills and expertise are needed beyond two terms tenure

## **Other Ministerial powers and responsibilities**

4.5 The Minister is also responsible for:

- the policy framework within which the MCA operates
- setting the performance framework within which the MCA will operate including approving the MCA's Strategy and Annual Plan
- matters regarding spending approvals, acquisitions, disposals, and joint ventures in line with delegations as set out in the delegation letter
- delegating any powers or duties to a junior Minister
- such other matters as may be appropriate and proportionate.

4.6 The Secretary of State, or the Minister responsible for Maritime, will:

- be supported in the discharge of these functions by the MCA Sponsorship Board. The MCA Sponsorship Board is chaired by a Director General in DfT who acts as the Agency Owner, and who may choose to delegate to a DfT Director (see paragraph 4.11). This Board has its own Terms of Reference separate to this document, which govern the Board and its attendance arrangements
- 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

- hold the MCA Sponsorship Board to account for its oversight and monitoring of the MCA, its performance and ensuring that the MCA is guided and monitored in the public and taxpayer interest.

## The Principal Accounting Officer

4.7 The Principal Accounting Officer (PAO) is the Permanent Secretary of the department.

### PAO's specific accountabilities and responsibilities

4.8 The PAO of the Department for Transport designates the Chief Executive as the MCA's Accounting Officer (AO) and ensures that they are fully aware of their responsibilities. The PAO issues a letter appointing the AO, setting out their responsibilities and delegated authorities.

4.9 The respective responsibilities of the PAO and AOs for MCA are set out in Chapter 3 of MPM.

4.10 The PAO is also responsible, usually via the Agency Owner and the Maritime Sponsorship Team, for advising the responsible Minister on:

- an appropriate framework of objectives and targets for the MCA in light of the department's wider strategic aims and priorities
- an appropriate budget for the MCA in light of the sponsor department's overall public expenditure priorities
- how well the MCA is achieving its strategic objectives and whether it is delivering value for money
- the exercise of the Ministers' statutory responsibilities concerning the MCA as outlined above.

4.11 The PAO via the Agency Owner and the Maritime Sponsorship Team is also responsible for ensuring arrangements are in place in order to:

- monitor the MCA's activities and performance
- address significant issues in the MCA, making such interventions as are judged necessary
- periodically and at such frequency as is proportionate to the level of risk carry out an assessment of the risks both to the department and the MCA's objectives and activities in line with the wider departmental risk assessment process

- inform the MCA of relevant government policy in a timely manner
- bring ministerial or departmental 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.

## **The role of the sponsorship team**

4.12 The Maritime Sponsorship Team in the department is the primary contact for the MCA. The responsible senior civil servant for this relationship is the Director for Maritime. They are the main source of advice to the Secretary of State and responsible Minister on the discharge of their responsibilities in respect of the MCA. They also support the PAO and the Agency Owner on their responsibilities toward the MCA.

4.13 The departmental Agency Owner is the Director General responsible for Maritime. The Agency Owner is the line manager of the MCA CEO. 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 Principal Accounting Officer and the responsible Minister on:

- an appropriate framework of objectives and targets for MCA in light of the department's wider strategic aims and priorities
- an appropriate budget for the MCA in light of the DfT's overall public expenditure priorities
- how well the MCA is achieving its strategic objectives and whether it is delivering value for money
- appointing a Chief Executive and in consultation with the department setting performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilisation of resources.

4.14 Officials of the Maritime Sponsorship Team in the sponsor department will liaise regularly with MCA officials to:

- establish and maintain appropriate and effective corporate governance foundations which govern the relationship between the sponsor department and the MCA as set out in this Framework Document
- hold the MCA to account through analysis of regularly commissioned reports to the Sponsorship Board for having effective objectives, business planning, achievement against targets and expenditure against its DEL and AME allocations, and measures of performance against them
- monitor the organisational capability of the MCA

- monitor effective leadership (high quality Boards and senior management) through effectiveness reviews of the Board and its DfT appointed members
- support and supplement the activities outlined above by advising the Secretary of State on the appointment of a capable Chair and non-executive members to the Board of the MCA
- advise the MCA of policy and guidance relevant to it in a timely manner, including changes to policy objectives
- advise ministers on the MCA's progress and performance against agreed policy objectives
- engage closely with the MCA on wider policy developments and cross-Government priorities impacting on, or affected by, the work of the MCA.

4.15 The relationship between the DfT and its Executive Agencies is critically important and needs careful management. The quality of a relationship influences the ability of the public body to do its job and is important in ensuring value for money and proper accountability. Effective partnerships are characterised by trust, mutual respect, communication, evidence-based assurance and by being clear about mutual expectations.

4.16 There will be regular meetings between the MCA Chair and the Secretary of State (where appropriate delegated to or accompanied by the Minister for Maritime) and the MCA Chair and the Director General responsible for Maritime, and between the Director for Maritime and the MCA Chief Executive. In addition, the PAO will meet the CEO at least once a year. These meetings are in addition to frequent working level discussions between the DfT and MCA officials that take place as required, and where necessary between the PAO and the MCA Chair. There will be regular meetings between the MCA and the DfT Finance Business partners and the sponsorship team, in particular, around forecasting deadlines, and year end accruals for all programmes.

4.17 Taken together, these contacts enable fruitful interaction, and meaningful and early engagement on a wide range of subjects. In particular, these contacts and engagements ensure that the DfT is appropriately informed about, and involved in, the development of key MCA strategies and business plans, and they provide a forum in which the DfT can assure itself about the MCA's performance.

4.18 The MCA sponsorship team manages the day-to day relationship between the DfT and the MCA. In practice this means:

- acting as a focal point of contact for the MCA, providing clear and timely communications about central requirements
- assisting the MCA in working through the implications of any recommendations emerging from formal reviews that cover the MCA

- advising the MCA of central policy developments that might impact on the MCA and monitoring how the MCA takes account of these and the Secretary of State's objectives in setting and delivering its annual strategic objectives and plans
- establishing and maintaining a good relationship with the MCA's Board, Chair and Chief Executive
- monitoring the MCA's performance against government and ministerial priorities as set out in the annual priorities/Chair's letter, and advising Ministers on this
- providing assurance to the PAO and the DfT Board (supported by the Group Audit and Risk Assurance Committee (GARAC) and Internal Audit) on the effectiveness of MCA's governance structures and processes
- understanding the MCA's risks (including their operational risks, reputational risks, and project risks) and informing the MCA about any departmental/governmental risks that might impact on them
- seeking assurance from the MCA that any projects and programmes are on track to deliver to time, budget and quality
- periodically carrying out an assessment of the risks both to the DfT and MCA objectives and activities
- working collectively with policy teams and the MCA to agree and periodically review other detailed working arrangements (such as Memoranda of Understanding, ways of working agreements, senior governance meeting schedules) that both parties agree are appropriate and which are operational in nature and therefore not included in this Framework Document. This programme will be overseen by the MCA Sponsorship Board.

## **MCA Sponsorship Board**

- 4.19 The performance of the MCA will be overseen by the MCA Sponsorship Board, chaired by the Director General responsible for Maritime as the Agency Owner. Other members of the MCA Sponsorship Board include the Maritime Director as the Agency Sponsor, Deputy Director of Strategy & Sponsorship, DfT ALB Finance Business Partner, the Maritime Sponsorship Team and DfT Analysts, MCA Chair, MCA Chief Executive, Non-Executive Directors, Corporate Services Director, and Chief Statistics Lead. A representative from the Scottish Government capable of representing Scottish interests will also attend. Other staff from DfT and MCA will attend as required.
- 4.20 The MCA Sponsorship Board advises the Agency Owner, and through them the Minister with responsibility for the Agency, on its performance against the externally published 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 Chair and Non-Executive Directors of the MCA as appropriate.
- 4.21 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.

## **Financial Relationships**

- 4.22 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.
- 4.23 The Senior ALB Finance Business Partner within DfT Group Finance 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, via the internal processes, also advise the PAO on any issues related to the MCA's accounts.
- 4.24 The Maritime Sponsorship Team, 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.
- 4.25 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.

## **Marine Accident Investigation Branch (MAIB)**

- 4.26 The MAIB is a functionally independent part of the DfT(C) that is responsible for conducting safety investigations into marine accidents with the aim of preventing future accidents. Safety investigations do not seek to apportion blame or determine liability, and they are carried out in parallel to, but separate from, criminal or other regulatory investigations. The Chief Inspector of the MAIB reports directly to the Secretary of State on safety investigation matters. The Agency has an operating agreement with the MAIB that facilitates the effective cooperation and work of both parties aimed at improving the safety of life at sea and the protection of the marine environment, while having regard for each of their specific legal frameworks. The Agency may also investigate maritime accidents but will focus its investigation on any significant breaches of legislation.

## **Secretary of State's Representative (SOSREP)**

- 4.27 The Secretary of State's Representative for Maritime Salvage and Intervention (SOSREP) is authorised by the Secretary of State to make time critical decisions in maritime emergencies involving shipping where there is risk to safety or a risk of significant pollution. Various powers in the Merchant Shipping Act 1995 (including

Schedule 3A powers) and other maritime legislation are therefore reserved for the SOSREP to enable appropriate incident resolution. The use of discretionary powers will be proportionate to the risk posed by the incident while taking account of the overriding UK public interest. The SOSREP is accountable to the Secretary of State for the exercise of these powers.

- 4.28 The SOSREP is supported by a deputy and other Agency resources to provide 24/7 coverage and capacity for concurrent interventions. The SOSREP is an MCA employee and during day-to-day activities is accountable to the MCA Chief Executive. When exercising Powers of Intervention on behalf of the Secretary of State SOSREP acts as a non-Departmental Officer of the Crown.

## **Other Bodies**

- 4.29 The MCA works together with other Government Departments to deliver its responsibilities, including the Department for Environment, Food and Rural Affairs, the Foreign Commonwealth & Development Office, the Home Office, the Department for Business and Trade, and the Ministry of Defence. It also works in close partnership with the other emergency services to provide its search and rescue services.
- 4.30 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.
- 4.31 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.

## **Resolution of disputes between the MCA and department**

- 4.32 Any disputes between the department and the MCA will be resolved in as timely a manner as possible. The department and the MCA will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the senior sponsor, will be used to resolve the issue. Failing this, the senior sponsor will ask the relevant policy Director General to oversee the dispute. They may then choose to ask the PAO to nominate a non-executive member of the department's Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

## **Data Protection**

- 4.33 Under data protection law, DfT with its executive agencies (which counts as a single controller) is required to designate a Data Protection Officer (DPO).

- 4.34 The DPO for DfT, who sits in the central department, will delegate their statutory tasks to a Data Protection Manager (DPM) in MCA, as specified in DfT's DPO Governance Policy. Such delegation is subject to MCA nominating a person that meets the UK GDPR's requirements for a DPO (as stated in Article 38 of the UK GDPR).
- 4.35 The MCA DPM will report to, and proactively engage with, the DfT DPO as set out in the DPO Governance Policy. Nothing in these arrangements will alter the fact that DfT's DPO is the DPO for MCA and will remain accountable under data protection law for fulfilling their statutory tasks in relation to MCA. Therefore, the nominated DPM must keep the DfT DPO fully informed of all significant data protection issues arising at MCA and cooperate with the DfT DPO in a completely open and honest manner. Failure to do so may result in the DPO withdrawing the delegation to the DPM.

## **Statistics Code of Practice**

- 4.36 In accordance with the Statistics Code of Practice (See Annex A for link), DfT's Head of Profession for Statistics will delegate responsibility to a lead official in the MCA. They will work closely with the DfT Head of Profession to ensure data is managed in accordance with the code of practice.

## **Freedom of Information requests**

- 4.37 Where a request for information is received by either party under the Freedom of Information Act 2000, the environmental information regulations, or the Data Protection Act 2018, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.
- 4.38 Under Freedom of Information law, DfT, including its executive agencies, is a single public authority. Whilst MCA shall be responsible for handling the requests it receives in a timely and accurate manner, it will cooperate fully with central DfT to ensure that requests are handled consistently across DfT. Such cooperation shall include the provision of weekly reports on new cases received, and monthly and quarterly statistical reports showing performance against statutory requirements.

## **Reporting on legal risk and litigation**

- 4.39 The MCA shall provide a quarterly update to the sponsor on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the sponsor in a timely manner.
- 4.40 In respect of each substantial piece of litigation involving the MCA, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the sponsor to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:

- material developments in the litigation are communicated to the sponsor in an appropriate and timely manner
- legally privileged documents and information are clearly marked as such
- individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege
- circulation of privileged information within government occurs only as necessary.

## 5. The MCA governance structure

### The Chief Executive

#### **Responsibilities of the MCA's chief executive as accounting officer**

5.1 The Chief Executive as AO 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, they 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 MPM. These responsibilities include the below and those that are set in the AO appointment letter issued by the PAO of the sponsor department.

#### **Responsibilities for accounting to Parliament and the public**

5.2 Responsibilities to Parliament and the public include:

- any governing legislation
- this framework document
- any delegation letter issued to the body as set out in paragraph 6.1
- any elements of any settlement letter issued to the sponsor department that is relevant to the operation of the MCA
- any separate settlement letter that is issued to the MCA from the sponsor department
- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly 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 oversight of any local responsibilities, for inclusion in the annual report and accounts
- ensuring that effective procedures for handling complaints about the MCA in accordance with Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling are established in line with the departments agreed policy 'Charter – Principles for Remedying Complaints' and made widely known within the MCA and published on gov.uk
- acting in accordance with the terms of MPM and other instructions and guidance issued from time to time by the department, the Treasury and the Cabinet Office
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
- ensuring they have appropriate internal mechanisms for monitoring, governance and external reporting regarding non-compliance with any conditions arising from the above documents
- giving evidence, normally with the PAO, when summoned before the Public Accounts Committee (PAC) on the MCA's stewardship of public funds.

## **Responsibilities to the Department for Transport**

5.3 Responsibilities to the Department for Transport include:

- establishing, in agreement with the department, the MCA's corporate and business plans in the light of the department's wider strategic aims and agreed priorities
- informing the department of progress in helping to achieve the department's policy objectives and in demonstrating how resources are being used to achieve those objectives
- 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, and whether detected by internal audit or by other means, are notified to the department in a timely fashion.

## **Responsibilities to the Board**

5.4 The Chief Executive is responsible for:

- advising the Board on the discharge of their responsibilities as set out in this document, any relevant legislation and in any other relevant instructions and guidance that may be issued from time to time
- advising the Board on the MCA's performance compared with its aims and objectives as set out in the business plan
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed.

## Managing conflicts

- 5.5 In executive agencies, final decisions, responsibility and accountability rest with the Chief Executive as accounting officer. However, the expectation is that the Chief Executive will follow the advice of the Board.
- 5.6 If the Board, or its chairperson, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe upon 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 Chief Executive in their role as AO should reject that course of action.
- 5.7 The Chief Executive should confirm the rationale for not following the advice of the Board in writing to the Chair of the Board and the Principal Accounting Officer and copy that to the Treasury Officer of Accounts. The Chief Executive must ensure that the Board have a full opportunity to discuss the rationale.
- 5.8 If the responsible Minister agrees with the proposed course of action of the Board, it may be appropriate for the Minister to direct the AO in the manner as set out in MPM paragraph 3.6.6 onwards.

## The Board

### Composition of the Board

- 5.9 The MCA will have a Board in line with good standards of corporate governance, the guidance as set out in Annex A and any relevant legislation. The role of the Board shall be to run the MCA, and to deliver the objectives, in accordance with the purposes as set out above, their regulatory and common law duties and their responsibilities under this framework document. Detailed responsibilities of the Board shall be set out in the Board terms of reference. Remuneration of the Board will be disclosed in line with the guidance in the Government Financial Reporting manual (FReM).<sup>4</sup>

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<sup>4</sup> <https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>

- 5.10 The Board will consist of a chairperson, together with the Chief Executive and a number of executive members that have a balance of skills and experience appropriate to directing the MCA's business. The Maritime Sponsorship Team will also be a member of the Board. For the MCA there should be executive members who have experience and skills in operational delivery, corporate services such as HR, Finance, technology and commercial delivery, property asset management, estate management, communications and performance/risk management, organisational leadership and development and culture change. This will include as an executive and voting Board member an appropriately qualified chief finance officer as described in Annex 4.1 of MPM. The Board should include a balance of independent non-executive members to ensure that executive members are supported and constructively challenged in their role.
- 5.11 The MCA Board takes decisions about the Agency's overall strategy, intent, direction of travel and its goals and aspirations. It provides support, guidance and challenge to the MCA's Chief Executive and its Executive Team. The Chief Executive and the Executive Team are collectively responsible for the delivery of operation plans and for decisions about the use of resources within the MCA Board's strategic guidance. The MCA Board, supported by the Audit & Risk Assurance Committee, provides assurance to the Department and its ministers about the performance of the Agency as a whole and the effectiveness of the Chief Executive and their Executive Team.

## **Board Committees**

- 5.12 The Board may set up such committees as necessary for it to fulfil its functions. As is detailed below at a minimum this should include an Audit and Risk Committee chaired by an independent and appropriately qualified non-executive member of the Board. The Maritime Sponsorship Team will be an observer of the Audit and Risk Committee, but the DfT ALB Finance Business Partner will be a full member of the Committee. All papers for Audit and Risk Committee are to be shared with the Maritime Sponsorship Team one week (five working days) in advance of the meetings.
- 5.13 While the Board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration it retains responsibility for, and endorses, final decisions in all of these areas. The Chair should ensure that sufficient time is allowed at the Board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.
- 5.14 Where there is disagreement between the relevant committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the Maritime Sponsorship Team, PAO and responsible Minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.
- 5.15 The Chair should ensure Board committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the Board. The Chair should ensure that

committee membership is periodically refreshed and that individual independent non-executive directors are not over-burdened when deciding the chairs and membership of committees.

## **Duties of the Board**

5.16 The Board is responsible for:

- establishing and taking forward the strategic aims and objectives of the MCA consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State
- providing effective leadership of the MCA within a framework of prudent and effective controls which enables risk to be assessed and managed
- ensuring the financial and human resources are in place for the MCA to meet its objectives
- reviewing management performance
- ensuring that the Board receives and reviews regular financial and management information concerning the management of the MCA
- ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of the MCA Board or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the responsible Minister and PAO via the executive team, Maritime Sponsorship Team or directly
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of any 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
- ensuring that in reaching decisions, the Board takes into account guidance issued by the sponsor department
- ensuring that as part of the above compliance they are familiar with:
  - this framework document
  - any delegation letter issued to the body as set out in paragraph 6.1
  - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of the MCA
  - any separate settlement letter that is issued to the MCA from the sponsor department

- that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the chief executive and the MCA as a whole act in accordance with their obligations under the above documents
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the Board to address key financial and other risks
- putting in place mechanisms for independent appraisal and annual evaluation of the performance of the Board. The outcome of that evaluation should be made available to the responsible Minister
- determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by the MCA of its objectives.

5.17 The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

5.18 The Board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The Board should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with the Management of Risk – Principles and Concepts (The Orange Book)<sup>5</sup>. The Board must set up an Audit and Risk Assurance Committee chaired by an independent and appropriately qualified non-executive member to provide independent advice and ensure that the department's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The Board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

## **The Chair's role and responsibilities**

5.19 The Chair is responsible for leading the Board in the delivery of its responsibilities. Such responsibility should be exercised in the light of their duties and responsibilities as set out in their contract of employment/appointment letter, the priorities in the chair's letter issued to them by the Maritime Sponsor Team, any relevant statute governing the MCA, this document and the documents and guidance referred to within this document.

5.20 Communications between the MCA's Board and the responsible Minister should normally be through the Chair and Chief Executive.

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<sup>5</sup> <https://www.gov.uk/government/publications/orange-book>

5.21 The Chair is bound by the Code of Conduct for Board Members of Public Bodies<sup>6</sup>, which covers conduct in the role and includes the Nolan Principles of Public Life<sup>7</sup>.

5.22 In addition, the Chair is responsible for:

- ensuring including by monitoring and engaging with appropriate governance arrangements that the MCA's affairs are conducted with probity
- ensuring that policies and actions support the responsible Minister's and where relevant other Ministers' wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout the MCA.

5.23 The Chair has the following leadership responsibilities:

- formulating the Board's strategy
- ensuring that the 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
- lead on issues of conflicts of interest of Board members and ensure counter fraud, bribery and corruption is regularly discussed and risks managed.

5.24 The Chair also has an obligation to ensure that:

- the work of the Board and its members are reviewed and working effectively, including ongoing assessments of the performance of individual Board members. NED assessments should be carried out on an annual basis and will be considered for reappointments. A formal annual evaluation of the Board must be written and shared with the Sponsor, with an externally facilitated review to be carried out every third year
- that in conducting assessments that the view of relevant stakeholders including employees and the sponsorship team are sought and considered
- that the Board has a balance of skills appropriate to directing the MCA's business, and that all directors including the Chair and Chief Executive

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<sup>6</sup> <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

<sup>7</sup> <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

continually update their skills, knowledge and familiarity with the MCA to fulfil their role both on the Board and committees. This will include but not be limited to skills and training in relation to financial management and reporting requirements, risk management and the requirements of board membership within the public sector

- Board members are fully briefed on terms of appointment, duties, rights and responsibilities
- they, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice
- the responsible Minister, via the Maritime Sponsorship Team, is advised of the MCA's needs when board vacancies arise
- there is a 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
- there is a code of practice for board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

## Individual members responsibilities

5.25 Individual Board members should:

- comply at all times with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest
- demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate<sup>8</sup>
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments
- act in good faith and in the best interests of the MCA

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<sup>8</sup> <https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds>

- ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and Boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government.

## 6. Management and financial responsibilities and controls

### Delegated authorities

- 6.1 The Maritime & Coastguard Agency's delegated authorities are set out in the latest delegation letter attached to this framework document. This delegation letter may be updated and superseded by later versions which may be issued by the sponsor department in agreement with HM Treasury. The Memorandum of Understanding between the Department for Transport and MCA for International Maritime Organization Landlord and Headquarters responsibilities sets out the budgetary responsibilities the Department delegates to the MCA. The MoU may be updated and superseded by later versions which should be agreed between DfT and MCA.
- 6.2 In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.
- 6.3 The MCA shall obtain the department's and where appropriate HM Treasury's prior written approval before:
- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the MCA's annual budget as approved by the department
  - incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
  - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department
  - making any change of policy or practice which has wider financial implications that might prove repercussive, or which might significantly affect the future level of resources required
  - carrying out policies that go against the principles, rules, guidance and advice in MPM.

## Spending authority

6.4 Once the budget has been approved by the sponsor department and subject to any restrictions imposed by statute, the responsible Minister's instructions, this document, and HM Treasury settlement or delegation letters, the MCA shall have authority to incur expenditure approved in the budget without further reference to the sponsor department, on the following conditions:

- the MCA shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the sponsor department and as agreed by HM Treasury and Cabinet Office as appropriate
- the MCA shall comply with MPM regarding novel, contentious or repercussive proposals
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed
- MCA shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

## Banking and managing cash

6.5 The MCA must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).

6.6 The MCA should only hold money outside Government Banking Service accounts where a good business case can be made for doing so and HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.

6.7 Commercial accounts where approved should be operated in line with the principles as set out in MPM.

6.8 The AO is responsible for ensuring MCA has a banking policy as set out in MPM and ensuring that policy is complied with.

## Procurement

6.9 The MCA shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the Public Contracts Regulations 2015 and any succeeding legislation.

- 6.10 The MCA shall establish its procurement policies and document these in a Procurement Policy and Procedures Manual.
- 6.11 In procurement cases where the MCA is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the department's sponsor team.
- 6.12 Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional, and a quarterly report explaining those exceptions should be sent to the department.
- 6.13 Procurement by the MCA of works, equipment, goods, and services shall be based on, a full option appraisal and value for money (VfM), i.e. the optimum combination and whole life costs and quality (fitness for purpose).
- 6.14 The MCA shall:
- engage fully with department and government wide procurement initiatives that seek to achieve VfM from collaborative projects
  - comply with all relevant Procurement Policy Notes issued by Cabinet Office
  - co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM
  - work collaboratively with the Department's Group Commercial Directorate to contribute information and data, as agreed between the Department and the MCA, to support the Department's Group Operating Model and other associated Group Commercial Strategies and collective objectives via the Group Commercial Board.
- 6.15 The MCA shall comply with the commercial<sup>9</sup> and grants standards<sup>10</sup>. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and ALBs, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.
- 6.16 Contractual delegation authority is the authority to sign, make or amend contractual commitments on behalf of the MCA. It is not the same as authority to financially commit the MCA to making payments from official budgets.
- 6.17 Contractual delegation authority allows a holder to approve the proposed method of procurement, the issuing of tenders and the award of contracts up to the value of the delegation. Contractual Authority is always subject to the availability of funds and the necessary financial and business case approval controls as referred to elsewhere.

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<sup>9</sup> <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

<sup>10</sup> <https://www.gov.uk/government/publications/grants-standards>

- 6.18 There must be a clear separation between the contractual commitment on behalf of MCA and any associated financial commitment. This means that the same person cannot exercise both a financial and contractual delegation for the same requirement.
- 6.19 By way of this Framework Document, Contractual Authority is delegated to the Chief Executive of the MCA, who has the authority to sub delegate where there is a business need. The Chief Executive may sub-delegate contractual authority in writing to any named individual member of staff.
- 6.20 Delegated authorities within the organisation must be clearly defined in a manual or equivalent instruction and must be consistent with any governance and regulatory requirements set by HM Treasury or the Department. Contractual authority must be in line with the financial limits delegated on an annual basis and should not exceed this.

## **Risk management**

- 6.21 The MCA shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts<sup>11</sup>.
- 6.22 The MCA should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Treasury guidance on tackling fraud. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.
- 6.23 The MCA will have regard to the Department for Transport's Risk Management Policy and Guidance launched in 2018. This will include working with the Department's Risk Team regarding implementing the Department for Transport's 'Delivery Body Risk Escalation Protocol' as referred to in the policy.
- 6.24 A non-executive Board director will chair, and all non-executive Board directors will be permanent members of the Audit & Risk Committee, which will report to the department's Group Audit, Risk, & Assurance Committee (GARAC) by virtue of the chair being a member of GARAC. Any Board member may raise concerns to the department at any time through the Maritime Sponsorship Team, to Ministers or senior officials.
- 6.25 A non-executive Board director will chair the Board's Audit & Risk Committee, to provide independent advice and assurance, with other members being drawn from across other Board members. DfT ALB Finance Business Partner will be a full member and a member of the Maritime Sponsorship Team will as a minimum be represented as an observer at the MCA ARAC meetings at least once a year. All papers for the Audit and Risk Committee are to be shared with the DfT Maritime Sponsorship Team one week (five working days) in advance of the meetings.

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<sup>11</sup> [http://www.hm-treasury.gov.uk/orange\\_book.htm](http://www.hm-treasury.gov.uk/orange_book.htm)

## Counter-fraud and theft

- 6.26 The MCA should adopt and implement policies and practices to safeguard itself against fraud and theft.
- 6.27 The MCA should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set in in MPM Annex 4.9 and the Counter Fraud Functional Standard.<sup>12</sup> It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.
- 6.28 The MCA should keep records of and prepare and forward to the department an annual report on fraud and theft suffered by the MCA and notify the sponsor department of any unusual or major incidents as soon as possible. The MCA should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the government definitions set out in Counter Fraud Functional Standard.

## Staff

### Broad responsibilities for staff

- 6.29 Within the arrangements approved by the responsible Minister the MCA will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination against employees with protected characteristics under the Equality Act 2010
  - the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness
  - the performance of its staff at all levels is satisfactorily appraised and the MCA performance measurement systems are reviewed from time to time
  - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the MCA's objectives
  - proper consultation with staff takes place on key issues affecting them
  - adequate grievance and disciplinary procedures are in place

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<sup>12</sup> <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

- whistle-blowing procedures consistent with the Public Interest Disclosure Act 1998 are in place
- staff are compliant with the Civil Service Code
- able to provide data to the department to comply with legislative and Civil Service wide reporting e.g. Gender Pay Gap, high salaries, equality monitoring.

## Staff costs

6.30 Subject to its delegated authorities, the MCA shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

## Pay and conditions of service

6.31 The MCA's staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the sponsor department and the Treasury. The MCA has no delegated power to amend these terms and conditions.

6.32 If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code<sup>13</sup> and the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the department to vary such rates.

6.33 Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the department together with subsequent amendments.

6.34 MCA shall abide by public sector pay controls, including the relevant approvals process dependent on the organisations classification as detailed in the Senior Pay Guidance<sup>14</sup> and the Public Sector Pay and Terms Guidance<sup>15</sup>.

6.35 MCA may operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by the department in compliance with the general pay structure approved by the department and the Treasury, where relevant with due regard to the Senior Pay Guidance.

6.36 The travel expenses of Board members shall be tied to the rates allowed to senior staff of the MCA and as agreed with ministers in accordance with Departmental rates. DfT travel and subsistence policy states that for UK rail and air travel all staff

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<sup>13</sup> <https://www.gov.uk/government/publications/civil-servants-terms-and-conditions>

<sup>14</sup> <https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward>

<sup>15</sup> <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>

must travel standard class irrespective of grade, except under the following circumstances:

- disability as defined by the Equality Act 2010
- temporary disability that may include any injury or other condition that affects mobility
- pregnancy related reasons.

Reasonable actual costs shall be reimbursed in accordance with these terms.

### **Pensions, redundancy and compensation**

6.37 Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments<sup>16</sup>.

6.38 MCA staff shall normally be eligible for a pension provided by Civil Service Pension Scheme (PCSPS). Staff may opt out of the occupational pension scheme provided by MCA, but that employers' contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.

6.39 Any proposal by the MCA to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the department. Proposals on severance must comply with the rules in chapter 4 of MPM.

6.40 Cabinet Office approval is also required for redundancies.

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<sup>16</sup> <https://www.gov.uk/government/publications/public-sector-exit-payments-guidance-on-special-severance-payments>

## 7. Business plans, financial reporting and management information

### Corporate and business plans

- 7.1 The MCA shall submit annually to the sponsor department a draft of the business plan covering the year ahead. The draft should be submitted by April, and between December and April fortnightly meetings are to be held between the sponsor and the MCA to facilitate development of the business plan and key performance indicators while ensuring they are linked to departmental priorities. The MCA shall agree with the department the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the MCA's statutory and/or other duties and, within those duties set from time to time by the responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the MCA contributes to the achievement of the department's medium-term plan and priorities and aligned performance metrics and milestones.
- 7.2 The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the department. Subject to any commercial considerations, the MCA business plan and annual report and accounts should be published by the MCA on the gov.uk website and separately be made available to staff.
- 7.3 The following key matters should be included in the plans:
- key objectives and associated key performance targets for the forward years, 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

- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast
- other matters as agreed between the department and the MCA.

## Budgeting procedures

- 7.4 Each year, in light of decisions by the department on the updated draft business plan, the department will send to MCA by April
- a formal statement of the annual budgetary provision allocated by the department in the delegation letter
  - a statement of any planned change in policies affecting the MCA.
- 7.5 The approved annual business plan will take account both of approved funding provision [where this applies] and [where this applies] any forecast receipts. It 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.

## Annual report and accounts

- 7.6 The MCA Board must publish an annual report of its activities together with its audited accounts after the end of each financial year. The MCA shall provide the department its finalised (audited) accounts by a date to be agreed each year in order for the accounts to be consolidated within the Department for Transport. A draft of the report should be submitted to the department via the MCA Sponsorship Board. Clearance will need to be provided from DfT Central Finance and NAO before agreeing a proposed publication date with Ministers. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the department as well as the Treasury's Financial Reporting Manual (FReM).
- 7.7 The annual report must:
- cover any corporate, subsidiary or joint ventures under its control
  - comply with the FReM and in particular have regard to the illustrative statements for an Executive Agency<sup>17</sup>
  - outline main activities and performance during the previous financial year and set out in summary form forward plans.

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<sup>17</sup> <https://www.gov.uk/government/publications/government-financial-reporting-manual-2020-21>

- 7.8 Information on performance against key financial targets is included within the annual report and subject to the auditor's consistency opinion. The report and accounts shall be laid in Parliament and made available on the gov.uk website, in accordance with the guidance in the FReM. The MCA will also share its Annual Report and Accounts with Transport Scotland each year, enabling those to be laid before the Scottish Parliament.

## **Reporting performance to the Department for Transport**

- 7.9 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.
- 7.10 The MCA shall inform the sponsor department of any changes that make achievement of objectives significantly more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver Ministers' policies, and the achievement of key objectives regularly. This will be done through the Sponsorship Board as detailed in paragraph 4.15.
- 7.11 The MCA Sponsorship Board will formally review the MCA's performance and delivery against objectives four times a year.
- 7.12 The responsible Minister will meet the Chair and Chief Executive at least once a year to discuss the Government's priorities for the Agency and its performance in meeting its objectives.
- 7.13 The PAO will meet the Chair at least once a year.
- 7.14 Additionally:
- the Agency Owner will hold monthly one-to one meetings with the Chief Executive to discuss objectives and delivery
  - the Agency Owner will meet with the Chair regularly to discuss the MCA's progress and performance against strategic objectives
  - 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'. Senior leaders in both the MCA and DfT will have regular discussions
  - the Maritime Sponsorship Team will attend monthly MCA Board meetings, to provide strategic policy advice, consider achievement against objectives, and provide constructive challenge where appropriate
  - the Maritime Sponsorship Team will work with MCA to share operational data where it would support operational performance. The development of a data dashboard that is linked to the MCA business plan performance indicators including the current work on aggregating safety datasets.

- 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.

## Information sharing

- 7.15 The department has the right of access to all the MCA's records and personnel for any purpose including, for example, sponsorship audits and operational investigations.
- 7.16 The MCA shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.
- 7.17 The department and HM Treasury may request the sharing of data held by MCA in such a manner as set out in central guidance except insofar as it is prohibited by law. This would include requiring the appointment of a senior official to be responsible for the data sharing relationship. For this relationship, DfT and MCA will work together to share operational data where it would support our operations to do so.
- 7.18 As a minimum, MCA shall provide the department with information monthly that will enable the department satisfactorily to monitor:
- MCA's cash management
  - forecast outturn by resource headings
  - other data required for the Online System for Central Accounting and Reporting (OSCAR)
  - data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter.

## 8. Audit

### Internal audit

#### 8.1 The MCA shall:

- establish and maintain arrangements for internal audit. This will be supported by an Audit & Risk Assurance Committee which, alongside other duties, will approve the internal audit programme of work and consider the main issues arising from the auditors' work. The Audit & Risk Assurance Committee will be chaired independently by a Non-Executive Director of the MCA and its formal membership will include other Non-Executive Directors of the MCA and other such members as the DfT ALB Finance Business Partner, or advisers as the Committee's Chair judges appropriate. A member of the Maritime Sponsorship Team will, as a minimum, be represented as an observer at the MCA ARAC meetings at least once a year. All papers for the Audit and Risk Committee are to be shared with the DfT Maritime Sponsorship Team one week (five working days) in advance of the meetings
- ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS) as adopted by HM Treasury<sup>18</sup>
- ensure the sponsor department is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS
- set up an audit committee of its Board in accordance with the Code of Good Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook<sup>19</sup>

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<sup>18</sup> <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

<sup>19</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/512760/PU1934\\_Audit\\_committee\\_handbook.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/512760/PU1934_Audit_committee_handbook.pdf)

- 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. 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
- keep records of and prepare and forward to the department an annual report on fraud and theft suffered by MCA and notify the sponsor department of any unusual or major incidents as soon as possible
- will share with the sponsor department information identified during the audit process and the Annual Audit Opinion 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 MCA
- internal audits of the MCA will be supported by the Government Internal Audit Agency.

## External audit

8.2 The Comptroller & Auditor General (C&AG) audits MCA's annual accounts and passes the audited accounts to the Secretary of State who will lay the accounts before Parliament together with the C&AG's report.

8.3 In the event that the MCA has set up and controls subsidiary companies, MCA will ensure that the C&AG has the option to be appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. The MCA shall discuss with the sponsor department the procedures for appointing the C&AG as auditor of the companies.

8.4 The C&AG:

- will consult the department and the MCA 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 MCA
- 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 MCA
- will consider requests from departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement

of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion.

- 8.5 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the MCA 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 MCA 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.

## 9. Reviews and winding up arrangements

### Review of the Maritime & Coastguard's status

- 9.1 The MCA will be reviewed as part of the wider Public Bodies Reviews programme, at a time determined by the department's ministers and their PAO.

### Arrangements in the event the Maritime and Coastguard Agency is wound up

- 9.2 The sponsor department shall put in place arrangements to ensure the orderly winding up of the MCA. In particular it should ensure that the assets and liabilities of the MCA are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the sponsor department.) To this end, the department shall:
- have regard to Cabinet Office guidance on winding up of ALBs<sup>20</sup>
  - ensure that procedures are in place in MCA to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body
  - specify the basis for the valuation and accounting treatment of the MCA's assets and liabilities
  - ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with their report on the accounts
  - arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities,

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/690952/Public\\_Bodies\\_-\\_a\\_guide\\_for\\_departments\\_-\\_chapter\\_10.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf)

the succeeding ALB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the sponsor department's AO should sign.

- 9.3 The MCA shall provide the department with full details of all agreements where the MCA or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to the MCA.

## Annex A: Guidance

The MCA shall comply with the following guidance, documents and instructions:

### Corporate governance

- This framework document
- Corporate Governance Code for Central Government Departments (relevant to Arm's Length Bodies) and supporting guidance:  
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>
- Code of conduct for Board members of Public Bodies:  
<https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>
- Code of practice for partnerships between Departments and Arm's Length Bodies:  
<https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>

### Financial management and reporting

- Managing Public Money (MPM):  
<https://www.gov.uk/government/publications/managing-public-money>
- Government Financial Reporting Manual (FReM):  
[www.gov.uk/government/collections/government-financial-reporting-manual-frem](http://www.gov.uk/government/collections/government-financial-reporting-manual-frem)
- Relevant Dear Accounting Officer (DAO) letters:  
[www.gov.uk/government/collections/dao-letters](http://www.gov.uk/government/collections/dao-letters)
- Relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts: <https://www.gov.uk/government/collections/whole-of-government-accounts>
- The most recent letter setting out the delegated authorities, issued by the parent department

## Management of risk

- Management of Risk: [www.gov.uk/government/publications/orange-book](http://www.gov.uk/government/publications/orange-book) and <https://www.gov.uk/government/publications/management-of-risk-in-government-framework>
- Public Sector Internal Audit Standards: [www.gov.uk/government/publications/public-sector-internal-audit-standards](http://www.gov.uk/government/publications/public-sector-internal-audit-standards)
- HM Treasury approval processes for Major Projects above delegated limits: <https://www.gov.uk/government/publications/treasury-approvals-process-for-programmes-and-projects>
- The Government cyber-security strategy and cyber security guidance: <https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022> and <https://www.gov.uk/government/collections/cyber-security-guidance-for-business>

## Commercial management

- Procurement Policy Notes: <https://www.gov.uk/government/collections/procurement-policy-notes>
- Cabinet Office spending controls: <https://www.gov.uk/government/collections/cabinet-office-controls>
- Transparency in supply chains - a practical guide: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1040283/Transparency in Supply Chains A Practical Guide 2017\\_final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf)

## Public appointments

The following are relevant where public bodies participate in public appointments processes.

- Guidance from the Commissioner for Public Appointments: <https://publicappointmentscommissioner.independent.gov.uk/>
- Governance Code on Public Appointments: [www.gov.uk/government/publications/governance-code-for-public-appointments](http://www.gov.uk/government/publications/governance-code-for-public-appointments)
- Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees: <https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees>

## Staff and remuneration

- HM Treasury guidance on senior pay and reward:  
[www.gov.uk/government/publications/senior-civil-service-pay-and-reward](http://www.gov.uk/government/publications/senior-civil-service-pay-and-reward)
- Civil Service pay guidance (updated annually):  
[www.gov.uk/government/collections/civil-service-pay-guidance](http://www.gov.uk/government/collections/civil-service-pay-guidance)
- Public sector pay and terms: <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>
- Whistleblowing Guidance and Code of Practice:  
<https://www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers>
- The Equalities Act 2010: [www.gov.uk/guidance/equality-act-2010-guidance](http://www.gov.uk/guidance/equality-act-2010-guidance)
- Public Sector Exit Payments Guidance on Special Severance Payments:  
<https://www.gov.uk/government/publications/public-sector-exit-payments-guidance-on-special-severance-payments>

## General

- Freedom of Information Act guidance and instructions:  
[www.legislation.gov.uk/ukpga/2000/36/contents](http://www.legislation.gov.uk/ukpga/2000/36/contents) and <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration: <https://www.ombudsman.org.uk/about-us/our-principles>
- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury)
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to the MCA.
- Guidance from the Public Bodies team in Cabinet Office:  
[www.gov.uk/government/publications/public-bodies-information-and-guidance](http://www.gov.uk/government/publications/public-bodies-information-and-guidance)
- The Civil Service diversity and inclusion strategy (outlines the ambition, to which Arm's Length Bodies can contribute):  
<https://www.gov.uk/government/publications/civil-service-diversity-and-inclusion-strategy-2022-to-2025>
- Guidance produced by the Infrastructure and Projects Authority (IPA) on management of major projects:  
[www.gov.uk/government/organisations/infrastructure-and-projects-authority](http://www.gov.uk/government/organisations/infrastructure-and-projects-authority)

- The Government Digital Service:  
[www.gov.uk/government/organisations/government-digital-service](http://www.gov.uk/government/organisations/government-digital-service)
- The Government Fraud, Error, Debt and Grant Efficiency function;  
[www.gov.uk/government/collections/fraud-error-debt-and-grants-function](http://www.gov.uk/government/collections/fraud-error-debt-and-grants-function) and  
[www.gov.uk/government/publications/grants-standards](http://www.gov.uk/government/publications/grants-standards)
- Code of Practice for Official Statistics: <https://code.statisticsauthority.gov.uk/>
- Accounting Officer System Statements (AOSS are produced by departments with input from ALBs): [www.gov.uk/government/publications/accounting-officer-system-statements](http://www.gov.uk/government/publications/accounting-officer-system-statements)