The Coal Authority

Annual report and accounts

2020 to 2021

Performance report

Overview

The Coal Authority is a non-departmental public body and partner organisation of the Department for Business, Energy and Industrial Strategy (BEIS).

Our mission:

- Making a better future for people and the environment in mining areas.

Our purpose:

- we keep people safe and provide peace of mind
- we protect and enhance the environment
- we use our information and expertise to help people make informed decisions
- we create value and minimise cost to the taxpayer

We use our skills to provide services to other government departments and agencies, local governments and commercial partners.

We contribute to the delivery of key UK Government strategies including the ten point plan for a green industrial revolution, the industrial decarbonisation strategy and commitments to level up the UK. We contribute to the wider environmental, social and economic priorities of the Scottish, Welsh and UK Governments. By sharing our knowledge and expertise we support them, and our partners, to create cleaner, greener nations for us all.

Our governance:

We've an independent board responsible for setting our strategic direction and holding us to account. The board ensures that our statutory duties are carried out effectively and that we bring our mission, purpose and values to life. Our chair and board members have relevant experience to support our work.

Non-executive directors are recruited and appointed to the board by the Secretary of State for BEIS. Executive directors are recruited to their posts by the board and some of them are then appointed to the board, also by the Secretary of State for BEIS.

Our values:

Trusted

- we act with integrity
- we're open and transparent
- we deliver on our commitments

Inclusive

- we promote a culture of mutual respect
- we recognise that our differences make us stronger
- we work with others to achieve our mission

Progressive

- we’re open minded and innovative
- we recognise that the past can help us shape the future
- we listen and learn

The work we do

During 2020-21, across the 3 nations we serve:

Kept people safe and provided peace of mind

- we carried out 8,370 mine entry inspections
- we investigated 589 surface hazard report
- we assessed 212 subsidence damage claims

Used our information and expertise to help people make informed decisions

- we delivered 195,371 mining reports
- we issued 1,704 permits to intersect coal
- we provided 7,599 planning consultation responses

Protected and enhanced the environment

- we treated 122 billion litres of water
- we replaced 32,000 m2 of our 350,000m2 reed beds
- we prevented 4,540 tonnes of iron solids from entering water courses

Created value and minimised cost to the taxpayer

- we saved £2.4 million by recycling reedbed material
- we generated £6 million of income through our advisory services
- we recycled 78% of removed iron solids

Chair’s foreword

I’m delighted to have been appointed by the Secretary of State for Business, Energy and Industrial Strategy (BEIS) as Chair of the Coal Authority and to be writing my first foreword for our Annual Report. In the time I’ve already spent with the organisation I can see that our focus on bringing our mission, purpose and values to life, makes a real difference for the customers and communities we support.

As chair I will continue to ensure that the organisation has a clear focus on creating economic, social and environmental value, and that innovation and maximising opportunity remains important alongside our core statutory work to protect life, drinking water and the environment for the communities we serve. I’m struck by the ambition of the organisation, and committed to working with the 3 governments we serve to help Great Britain build back from the COVID-19 pandemic better, fairer and greener.

Our investment in coalfield areas and use of local suppliers supports the levelling up agenda. The historic coal mines below 25% of Great Britain can provide low or zero carbon, stable priced heat for communities across the coalfields and we’re focused on developing this pipeline. During 2020-21 we’ve developed our licensing regime, worked with partners and undertaken further R&D to bring this to life. This has culminated in our Heat Consultancy team working with Gateshead Council to drill the first pilot boreholes for mine water heat in the region. Our newly published mine heat maps, developed in conjunction with the British Geological Survey, are further igniting interest and understanding of the potential for this renewable energy source across the UK. This work will help us, BEIS, the devolved governments and partners to make a practical difference to achieving net zero carbon through heat networks.

As we continue in our work to protect people and the environment in mining areas, our sustainability plans are increasing our focus in helping to resolve the climate crisis. We will lower our carbon footprint to reach net zero by 2030 in a number of ways, including investing further in renewable energy and using low carbon design and materials in our construction activities. There will be challenges too but we will face them head on and be innovative in creating solutions and in working with and learning from others.

By maximising and mapping the environments on our estate and working with others, such as Nature Recovery Networks, we can enhance value by increasing biodiversity to have local, regional and national impact. Our sites already create an important mosaic of habitats which attract a wide variety of species. Last year surveys of just 2 of our sites found an abundance of wildlife and 12 bird species on the list of conservation concern. During the COVID-19 pandemic access to nature has had many benefits, providing greater public access to our sites in the future will support wellbeing in coalfield areas.

I have clearly seen how central emergency and incident response is to the work of the Coal Authority and how prolonged rainfall and extreme weather can impact that. The board and I welcome the review that we will carry out this year to help us to work even more closely with emergency response partners and utility companies to further raise awareness of our 24/7 capability, alongside better understanding of legacy mining hazards and indicators which may help us to provide support and expertise to prevent incidents where possible or to respond even more effectively where they do occur.

My thoughts are with all of those who have been impacted by COVID-19. We have continued to focus on delivering essential services which protect life and wellbeing and due to the commitment of our staff we have been able to deliver the majority of our customer facing activities working in new and different ways, with 90% of the organisation working from home, but continuing to work together as ‘One Coal Authority’. I cannot thank our people enough for their continued dedication and commitment through these challenging times. Looking forwards we will take the positives learned from working in new and different ways to be an even more flexible, fair and responsive organisation. This will also help us to recruit and retain more diverse talent, hear from more voices across the breadth of our work and be even more representative of the communities that we serve.

In closing I must say a huge thank you to Stephen Dingle for his dedication to the organisation during 8 years as Chair and 5 years on the board before that. It is an honour to take the role forward from you and I look forward to working with board and executive colleagues and our great people across the whole organisation to continue the strong delivery that the Coal Authority is known for.

Jeff Halliwell
Chair

Chief executive's report

This has been a year like no other. I am proud of the commitment and dedication of our people in ensuring that we were able to continue our 24/7 emergency and community response across Great Britain and prioritise work on public safety, the protection of drinking water and the environment.

Our customers have been at the heart of every decision we made so that we could prioritise services to keep them safe and support both the green and economic recovery of the nations we serve. Alongside all this we have focused on the wellbeing of our staff who have had their lives disrupted, as we all have, by the COVID-19 pandemic.

Our operational work on the ground has continued, working closely with our partners and supply chain. We have delivered our biggest capital programme ever which means that more drinking water aquifers, rivers and streams are protected from pollution from mine water. We have responded to 589 reported surface hazards and 212 subsidence damage claims and kept our 76 mine water treatment schemes operating while working with BEIS, Department for Environment, Food & Rural Affairs (Defra), Welsh and Scottish Governments and partners to develop ambitious forward programmes for further coal and metal mine treatment works across Great Britain.

Working with Welsh Government, the UK Government and a range of Welsh partners we have undertaken a comprehensive assessment of colliery tips in Wales and ensured that all of the higher risk sites have been inspected at least twice, with necessary maintenance works undertaken and innovative technology used to give reassurance to the communities that live beneath and around them.

On the 21 January 2021 following prolonged wet weather and heavy rainfall from Storm Christoph, 77 homes/gardens in Skewen, South Wales were flooded by water which blew out of a historic mine drainage level. We supported emergency partners in the initial response and have worked with the community, Neath Port Talbot Council and other partners to support the residents and provide practical support to help them to recover. We are building a new mine water management scheme to provide peace of mind for the future.

We’ve also invested in the recovery of our land drainage stations damaged by widespread flooding in Yorkshire last year to ensure that they enable communities and farmers to use their land.

The majority of our other services have been delivered through home working. I remain extremely grateful to our people who, whilst facing their own fears, family pressures and caring responsibilities, have continued to do their very best to support our customers.

In our last annual report, I made a number of commitments for 2020-21 and we have made clear progress on each.

- We've continued to support the governments of the 3 nations we serve by delivering appropriately through changing COVID-19 restrictions and enabled green and economic recovery by supporting the housing market, providing expertise and advice to infrastructure providers and working with our supply chain and partners to deliver our capital build programme and mine water energy infrastructure projects.
- Our board committed to achieving net zero carbon by 2030 and to enabling natural resilience and social access through the habitat we create and the decarbonised heat and energy storage that we can provide. This year we have established a baseline position and are finalising a clear plan for progress to 2030 and beyond.
- We have continued to provide our core duties and 24/7 incident response and reassurance for anyone impacted by coal mining gas, subsidence or hazards and work with partners to ensure Welsh colliery spoil tips are inspected and to inform a future approach to regulation and maintenance.

In 2021-22 we will:

- further develop our incident and emergency response resilience capabilities through our new structure and a campaign to raise awareness of mine legacy hazards, our work and 24/7 response. We will achieve this through training and engagement with local resilience partners and utility companies
- make further clear progress on our journey to achieve net zero carbon by 2030 and develop a pipeline of mine heat projects in partnership with councils and developers. Alongside that we will do more work to assess the risk from our legacy mining assets, hazards and risks in light of climate change and more extreme weather
- develop our next long term business plan to set the direction of the organisation, in support of the 3 governments that we serve, for the next 3-5 years in line with the UK Government's next spending review

We can only deliver what we do because of our great people. We are committed to learning from the ways of working over the past year to become even more flexible and dynamic. This includes continuing to become more diverse, inclusive and actively anti-racist to ensure we are relevant to the communities we serve and continuing our focus on wellbeing to ensure that we are an organisation where people with great potential want to work.

Lisa Pinney MBE
Chief Executive and Accounting Officer

Case study: our work in Wales

In February 2020, Wales suffered significant impacts from Storms Ciara and Dennis which included slippage of a council owned coal tip in Tylorstown. We were asked by the UK and Welsh Governments to provide advice and expertise on a Welsh Government led taskforce to ensure that coal tips in Wales were identified, risk assessed, inspected and flagged for maintenance work to reduce the risk from these sites to the communities around and below them.

We worked 7 days a week following the incident to provide support to Rhondda Cynon Taf Council at Tylorstown, to use our information to identify tip locations, provide immediate advice to emergency partners and offer information and reassurance through the media.

Working with local authorities, the Welsh Local Government Association and Natural Resources Wales as part of the taskforce, we identified more than 2,000 coal tips, mostly across the South Wales Valleys. All of these have been risk classified and the higher rated tips were inspected between February to July 2020 and then again during the winter of 2020-21. Maintenance work needed was flagged and monitored by the taskforce.

Coal tips in Wales are often located on steep slopes, on the sides of hills and mountains.

Under current law and regulations, the responsibility for the management of tips and tip safety sits with the landowner. Most coal tips are in private ownership, with others under the management of local councils and Natural Resources Wales. The Coal Authority own 26 tips in Wales. To find out more about our management of them, please visit our website.

The Welsh Government have asked the Law Commission to make recommendations for future legislation and we're providing support for this and contributing to the consultation process.

To support the community and provide reassurance we also provide a 24/7 tips helpline on 0800 021 9230.

Our year in Wales

- We carried out 602 mine entry inspections
- We investigated 107 surface hazard reports
- We delivered 14,924 mining reports
- We provided 1,110 planning consultation responses
- We treated 17 billion litres of water
- We prevented 380 tonnes of iron solids from entering water courses

Our performance

We’re just over half way through our current 5 year plan and have made good progress, setting the foundations to create a more sustainable organisation able to deliver our mission for years to come. We have focused on the wellbeing of our people through COVID-19 whilst also delivering strongly against our purpose to keep people safe, protect the environment, provide good quality information to help others make informed decisions and create value.

Our people

Through the pandemic, we prioritised our work so that our people could balance delivery with care for their wellbeing and that of their loved ones. We adapted our ways of working so that most people could work from home and so those working in communities could do so confidently in a COVID safe way.

We worked to maximise the experience and efficiency of our processes for staff working from home, using video conferencing and other media to ensure that effective cross organisation working could continue and that everyone was clear about our priorities and direction to support our customers. This included biweekly staff calls to share best practice, challenges and new thinking which was good for learning and morale.

We introduced engaging online learning and launched a new ‘onboarding’ programme, to ensure new starters have the best possible start to life at the Coal Authority.

Working in this way has made us a fairer organisation as staff based across Great Britain have had a more equal voice across all aspects of our work and we’re focusing on how we build the positive learning into our ‘new normal’ approach for the future.

Throughout this we’ve continued our focus on diversity and inclusion including further progress on our gender pay gap and work to become a more actively anti-racist organisation. As well as education and discussion we have changed core policies and processes including recruitment, based on good practice from others and are raising up and bringing in wider voices and perspectives to inform our work.

Much of this has helped us progress against the findings of our 2019 people survey but we have more to do and this will continue to be a theme during 2021-22.

Customers and stakeholders

Customers have remained at the heart of our thinking and decision making during 2020-21. We’ve communicated regular updates both to targeted customer groups and openly on social media for all, improved the accessibility of our digital services and frozen planned charge increases for all our products and services until at least 30 September 2021, recognising the challenges of the year for everyone. We have needed to extend the response times on our customer standards at times but have remained committed to responding as quickly and completely as possible.

We’ve prioritised on the ground delivery and incident response throughout the year to protect life, protect drinking water and the environment. We continue to provide a 24/7 incident response line (01623 646 333) and have responded to 752 mining hazards such as subsidence, mine gas and shaft collapse and taken action to support those affected. We have supported emergency partners at incidents related to coal tips and the major mine water flooding incident at Skewen in South Wales in January which caused more than 100 homes to be evacuated and 77 to suffer internal and/or external flooding.

Following the Skewen incident we set up a dedicated customer helpline to support affected residents and to provide what support we were able under our Skewen policy, alongside our core responsibilities to remediate the damaged mining features and build a new mine water management scheme. We have held a number of residents meetings and now have a dedicated community liaison officer based on site to provide support until our site works are completed. We continue to work closely with Neath Port Talbot Council and other partners to ensure the most joined up approach possible to support the residents impacted by this sad event.

We’ve continued to work as part of the Welsh and UK Government’s Tips Taskforce to improve the recording, common risk classification, inspection and maintenance of coal tips across Wales and to support the Law Commission in preparing their consultation on a future regulatory approach. We’ve increased our work to address pollution from metal mines in Wales and England working with Natural Resources Wales and the Environment Agency and worked to further reduce pollution from coal mines by refurbishing existing assets and developing new treatment schemes. This has led to us delivering our biggest ever capital programme of £11.3 million which is a credit to our supply chain who remobilised strongly following the first lockdown where many of their staff were furloughed and a sign of our commitment to the UK Government’s Build Back Better, Greener and Fairer initiatives. To further support this we have delivered 1,704 permits and 7,599 planning consultations in line with our targets, as well as 186,000 mining reports (96% of our pre-COVID-19 expectation).

We’ve continued to work with local politicians and partners to progress the opportunity of mine water heat and energy storage including a new scheme in Gateshead. We developed and published a mine heat map with the British Geological Survey which enables councils, developers and others to see the best locations to take advantage of this resource. We have also developed our licensing process to better enable applications and continued to work with the Department of Business, Energy and Industrial Strategy, Triple Point and other regulators to help ensure that funding and other processes are as streamlined as possible for applicants.

Internal processes

We worked quickly to support resilient and effective home working through the pandemic and to ensure that our financial, governance and other core controls remained in place were enhanced as needed. We assessed any new risks and put in place additional training to keep our people and the Coal Authority safe – especially relating to cyber security and anti-fraud protections.

Our business continuity processes have worked well and been adapted as needed to ensure that we could prioritise work and flex as different lockdown restrictions eased and tightened and varied across the 3 nations we serve. This gave our staff and supply chain confidence to keep delivering safely through changing conditions.

We have made further progress in embedding our new risk management and assurance framework and in benchmarking our carbon emissions to ensure we can plan to achieve our aspiration of being net zero carbon by 2030.

Managing our money

We’ve continued to work closely with the Department for Business, Energy and Industrial Strategy (BEIS), our sponsor department, so that they understand our financial risks and opportunities and help ensure that we deliver our programmes and activities in line with agreed control totals through an unprecedented period.

We generated £6.0 million income (2019- 20 £5.3 million) from our advisory services and by- products, using our expertise to help other government organisations manage their risks and to create opportunities from our mining legacy.

Our Innovation and Research and Development programmes have generated savings of £3.7 million to offset our costs during the year by identifying innovative uses for our by-products and generating operational efficiencies.

Outlook for 2021-22

Throughout 2021-22 we'll continue to focus on our mission of making a better future for people and the environment in mining areas.

We'll continue to support the ambitions of the governments we serve for a green recovery from COVID-19, to deliver the ten point environment plan, net zero carbon targets and the levelling up agenda. We'll further develop our benchmark and route map to become net zero carbon by 2030 and evolve our Sustainability Strategy to maximise outcomes for people and wildlife from our sites, recognising the importance of local green space for wellbeing and mental health over the past year.

The past few years have seen increasing numbers of major incidents relating to extreme weather and climate change. This year we will further develop our incident response infrastructure and approach to ensure that we remain a modern and resilient 24/7 incident response organisation that works even more closely with emergency partners to keep communities safe. As part of that we will run a campaign with utilities and councils to promote awareness of our work and services and to make hazard reporting easier for them. We will also further review the impact of more extreme weather on our assets and our work and make recommendations for the future as needed.

We’ll work more with partners, such as BEIS and the devolved governments, local councils and politicians, public and private sector and green finance partners to encourage further growth in the pipeline of mine water heat and energy projects to provide low carbon, cost effective heating for residential, industrial and horticulture development and continue to develop practical uses for our by-products to maximise their use and minimise what is wasted.

We’ll underpin this by developing a new research and development plan which increases our work with partners including the British Geological Survey and the university sector and pulls together the thinking we need to support practical delivery on net zero carbon, mine water heat and energy and to enable innovation, efficiency and continuous improvement across all aspects of our work.

Building on our learning from the last year, we'll create a flexible and blended way of working for the future that ensures all staff are included and can work together easily across different teams and geographies. This will make us easier to do business with and will include more digital services and greater accessibility for our customers, building on feedback they have provided.

We'll do further work with financial and lending institutions and conveyancers to increase awareness of our role and retain confidence in the housing market across coalfield areas.

We'll continue to focus on the wellbeing of our people and invest in their development. We'll build on the progress we have made over the last year in becoming a more actively anti- racist and inclusive organisation, developing our recruitment approaches, policies and processes further, continuing to focus on education and raising up voices and inviting challenge both from within and outside of our organisation. This will include delivering our new strategy ‘a great place to work for everyone’.

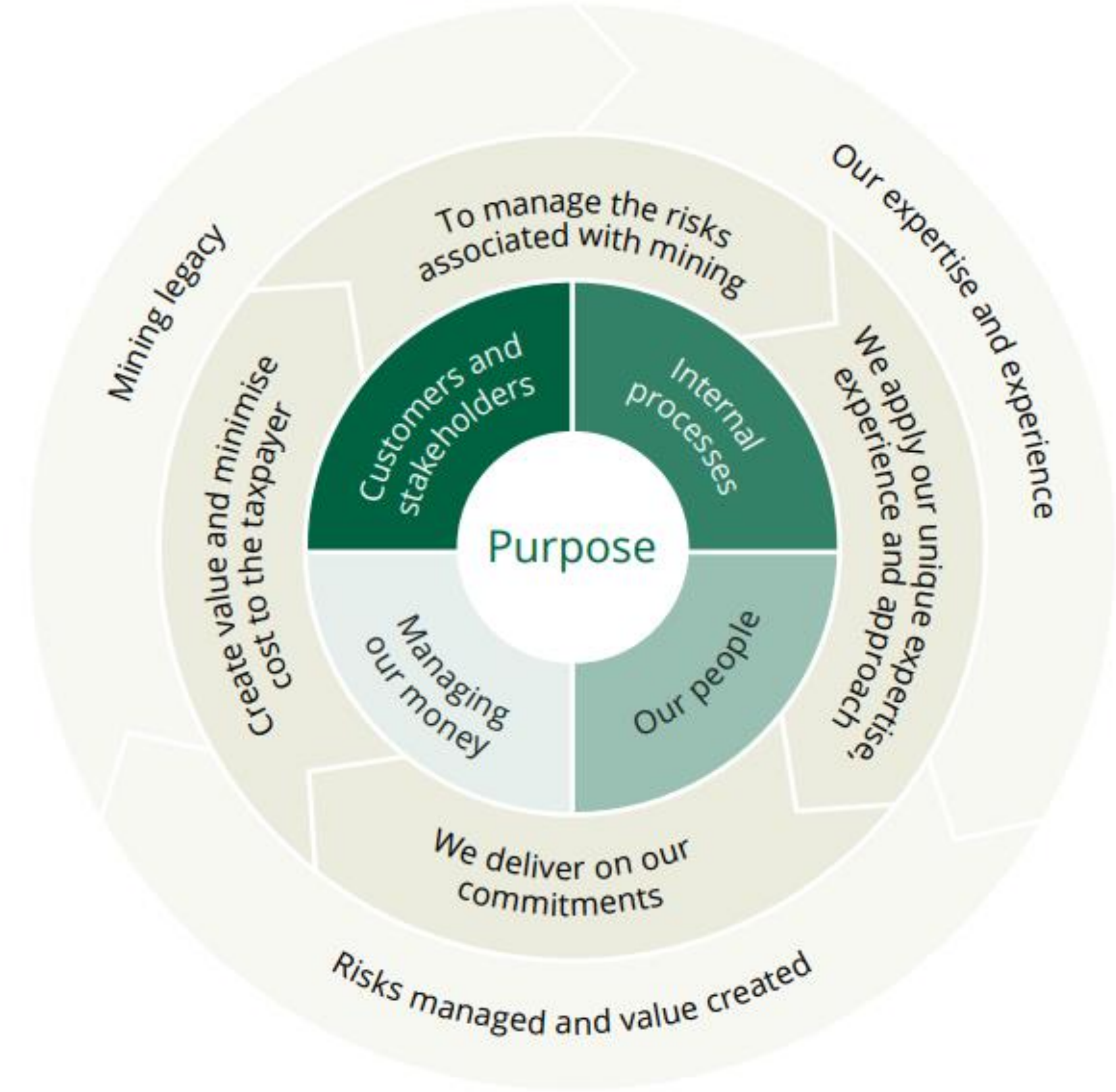
As we continue to grow and evolve, our commitment to delivering our essential work to protect life, protect drinking water and protect the environment remains unchanged. From supporting households affected by subsidence or mine gas to protecting drinking water, rivers and beaches from pollution from mines our work keeps communities safe and ensures that rivers, beaches and other local spaces can be enjoyed by local people. This is our core work and will continue alongside our 24/7 incident response to provide reassurance to communities across the coalfield.

Our business model

Our business model underpins our business plan. It illustrates how we’re going to deliver to our customers and create economic, social and environmental value from mining legacy.

Our purpose:

- we keep people safe and provide peace of mind
- we protect and enhance the environment
- we use our information and expertise to help people make informed decision
- we create value and minimise cost to the taxpayer



Our business plan

Our business plan places our purpose at the heart of what we do. Our improvement programmes and value creating activities ensure that we'll remain able to undertake these core duties as efficiently and effectively as possible.

Lead, support and develop our people:

- learning and development inspires, motivates and helps staff achieve their full potential
- we promote diversity and inclusion
- our staff are empowered and engaged
- our staff reward mechanism is aligned to development
- we’ve capability to deliver our statutory duties in perpetuity

Implement a customer strategy:

- we understand our customers and focus on their needs
- our customer data is measured, understood and used to add value
- best practice ways of working are embedded
- our services are accessible and we are easy to do business with

Pursue value creating opportunities:

- we provide advisory services to enable other organisations to manage their risk
- we develop products and services to create value from our information and data
- we create value from our mining legacy and by-products

Invest in our governance and processes:

- risk management processes are refreshed and risk reporting is dynamic
- effective business planning and programme offices support effective prioritisation and delivery
- governance is simple and empowers people within frameworks

Strategic risks

Risk - Public safety risk

Despite Coal Authority controls, a significant hazard caused by past coal mining or incident at a Coal Authority legacy site causes serious injury or fatality.

Update and mitigation

We've well established processes to manage our risks including proactive inspection and communication programmes and a 24/7 triaged response line.

We adopt a proportionate response to manage this risk but it cannot be eliminated.

Relative rating - High (stable)

Risk - COVID-19 (staff wellbeing and business continuity)

COVID-19 (or similar health event) and associated restrictions affect staff health, safety or wellbeing and the ability of the Coal Authority to undertake its core functions.

Update and mitigation

During March 2020 we invoked our business continuity plan and the majority of our people were working from home. A senior management team was in place to make real time decisions and ensure staff wellbeing was protected and our communication effective. Critical, front line activities were carefully prioritised and all critical operations continued throughout lockdown periods.

At time of publication, we continue to move to a ‘new normal’ as restrictions ease.

Relative rating - Medium (decreasing)

Risk – COVID-19 financial impact

The economic impact caused by COVID-19 affects Coal Authority income.

Update and mitigation

Volumes though permits, mining reports and mining information recovered through 2020-21 after a slow start and continue to be strong at the beginning of 2021-22.

Relative rating – Medium (decreasing)

Risk – Disruptors in the information market

Due to limited resource and focus on core duties we fail to improve our information or develop new products and services, leading to missed opportunities for the Coal Authority and others to create value from our information and data.

Update and mitigation

We’ve been successful in releasing our data for others to use and opening up the coal mining reports market resulting in a lower market share and reduced income from this market as expected.

We’ll continue to work closely with the Geospatial Commission, its partner bodies, and other organisations to identify opportunities to improve and share our data and information providing excellent services to help our customers make informed decisions.

Relative rating - High (stable)

Risk – Take up of government services

Due to external funding pressures and economic uncertainty, opportunities to provide services to government organisations develop more slowly leading to missed opportunity to help them manage their risks or create value from mining legacy and lost financial contribution.

Update and mitigation

We continue to improve our profile and strengthen key relationships. We continue to work with our partners, including the Department for Environment, Food & Rural Affairs and Natural Resources Wales to manage mine water remediation and have established a tips incident response team on behalf of the Welsh Government.

Relative rating - Medium (decreasing)

Risk – Innovation

Due to funding constraints and the inherent risk in innovation, progress to develop new technology, processes and products may take longer than planned leading to delay in value creation and cost savings.

Update and mitigation

This programme is overseen by our innovation board.

Actions taken during the last multi-year spending review period have reduced operating costs of treating mine water by £3.7 million in 2020-21 and we continue to undertake research and development, develop our licensing processes, and work with partners to progress opportunities for mine water energy schemes.
We'll continue to collaborate with our sponsor department BEIS, British Geological Survey and other organisations to maximise our success.
Relative rating - Medium (stable)

Risk – Devolution

Policy differences continue to grow between the UK, Scottish and Welsh Governments in areas relevant to our work, causing inefficiency, uncertainty or reputational risk.

Update and mitigation

The 3 nations we serve have developed different policies during COVID-19 which has caused additional work and, at times, different guidance and approaches for our people and operations in each country.

There is a possibility that the policy differences between the nations could continue to grow. We’ll continue to work closely with the nations in delivering our work to maximise the delivery of UK and national outcomes.

Relative rating - Medium (increasing)

Risk – Exit from EU

Uncertainty in respect of the nature of exit from the EU may lead to impact on funding and policy for the Coal Authority and its partners and short term disruption.

Update and mitigation

Prior to EU Exit we reviewed the elements of our business that may be affected in the short term by EU exit, for instance supply of chemicals to our mine water treatment plants, and have plans in place to manage these.

We have not experienced an impact on our activities from EU exit, but will continue to monitor the situation carefully.

Relative rating - Low (decreasing)

Risk – Climate change

Failure to consider, monitor and manage the likely effects of climate change and adverse weather events impacts our assets and ability to deliver our remit.

Update and mitigation

Our significant capital build and refurbishment programmes are designed to ensure that our schemes mitigate and prevent pollution and flooding.

Our sustainability programme will further consider the impacts of climate change on current and future operational assets.

Relative rating - Medium (increasing)

Case study: our work in Scotland

In August 2020, a local council investigated cracking on a road in Coatbridge, North Lanarkshire. They found a large void beneath the road surface and called us in to investigate and take action to keep people safe and resolve the problem for the community.

Our investigations showed 2 recorded mine shafts in the local area with recorded depths of approximately 330 metres deep and over 200 years old. Further ground investigations found that one of the recorded mineshafts had collapsed causing the void to appear underneath the road surface. The shaft was 22 metres below ground level and the material between the shaft and the road was soft, sandy gravels which was difficult to work with, especially in wet conditions.

The collapse occurred in a residential housing estate and we worked with the residents, the Parish Council, North Lanarkshire Council and other partners to ensure that everyone was aware of what had happened, how it would be repaired and the timescale for the works. Keeping people safe and providing reassurance for the community was our focus throughout the works.

We worked with our contractors to install a 36 metre wide platform across the shaft and the area around it. This allowed work to take place safely and minimised the risk of further collapse. The mine shaft was repaired by injecting 716 tonnes of cement grout and the sandy gravel material above and around it was stabilised with

3,850 litres of resin and cement. This will ensure that the area is safe and stable for years to come.

Key statistics:

- 330 metre shaft over 200 years old
- 3,850 litres of resin and cement used to stabilise
- 716 tonnes of cement grout injected

Our year in Scotland

- We carried out 6 mine entry inspections
- We investigated 158 surface hazard reports
- We delivered over 54,366 mining reports
- We provided 964 planning consultation responses
- We treated 34 billion litres of water
- We prevented 960 tonnes of iron solids from entering water courses

Financial review

We've delivered strongly over the year despite COVID-19 constraints. Our incident response and public safety work has continued to keep people safe and provide peace of mind, and ongoing investment in our schemes will enable us to treat mine water and protect the environment into the future. We have grown our advisory services income as we support our partners to understand and manage their risks and provided information and services to support the housing market throughout the period.

During an uncertain year, we have worked closely with BEIS to communicate the risks and sensitivities behind our funding requirements and have delivered in line with our forecasts. BEIS grant in aid received in the year was £44.1 million (2019-20: £34.8 million) reflecting an increase in the net cost of our operations. This is illustrated on the graphic below. (Note that a significant proportion of this cost was provided for in previous years as explained at note 13 of the financial statements and is not charged directly to the Statement of Comprehensive Net Expenditure in the year).

How we used our money in 2020-21
2019-20 figures are shown in brackets

Our spend £60.2 million (in 2019-20 - £54.1 million)

Operation and public safety £13.3 million ((in 2019-20 - £12.0 million)
Operations mine water treatment schemes £14.4 million (in 2019-20 - £12.6 million)

Operations subsidence pumping stations £1.0 million (in 2019-20 - £1.6 million)

Development: Planning, licensing, permissions and property £4.1 million (in 2019-20 - £3.2 million)
Data and information £3.9 million (in 2019-20 - £4.2 million)

Commercial £8.9 million (in 2019-20 - £9.1 million)

Innovation £0.9 million (in 2019-20 - £0.9 million)

Mine water treatment schemes (CAPITAL) £10.9 million (in 2019-20 - £8.2 million)

Subsidence pumping stations (CAPITAL) £0.4 million (in 2019-20 - £1.3 million)

Other (CAPITAL) £2.4 million (in 2019-20 - £1.0 million)

Our income £60.2 million (in 2019-20 - £54.1 million)

Grant in aid (BEIS) £44.1 million (in 2019-20 - £34.8 million)

Mining reports £7.9 million (in 2019-20 - £9.5 million)

Advisory and technical £6.0 million (in 2019-20 - £5.3 million)
By-products and other commercial innovation £0.2 million (in 2019-20 - £0.1 million)

Operator licensing / permissions £0.8 million (in 2019-20 - £0.8 million)

Data licensing £1.2 million (in 2019-20 - £1.0 million)

Property related £0.7 million (in 2019-20 - £1.4 million)

Public safety management fee and other £0.1 million (in 2019-20 - £0.2 million)

Working capital movement -£0.8 million (in 2019-20 - £1.0 million)

Income of £16.9 million per the Statement of comprehensive net expenditure is the total of the Income figures above excluding grant in aid and working capital movement.

Despite a pause in our capital programmes because of initial COVID-19 restrictions, by reprioritising our work and adopting COVID safe working practices, with our partners we delivered our largest ever annual capital programme to protect watercourses and drinking aquifers. We also increased expenditure to ensure the effective operation of a growing and ageing number of mine water and subsidence pumping schemes. Our ongoing capital refurbishment and innovation programmes will minimise the future cost of running these schemes and during the year we saved £3.7 million by employing innovative uses for our by-products and by generating other operational efficiencies.

Our expenditure on public safety has increased during the period reflecting a number of significant claims and incidents and includes our support of the emergency response and ongoing work to remediate the mining feature at Skewen, South Wales. An increase in our Development team’s expenditure is driven by work at

Clipstone, Nottinghamshire, where we are treating the mineshafts at a legacy site to enable its safe redevelopment for the community.

Our mining reports income decreased year on year primarily due to a severe reduction of income at the beginning of the COVID restrictions with a strong recovery back to expected levels by the end of the period. Our advisory services work generated income of £6.0 million (a significant increase on 2019-20’s £5.3 million). This reflects success in delivering with other government organisations including mine water schemes for the Department for Environment, Food & Rural Affairs in England and Natural Resources Wales, and supporting Welsh Government with the safe management of tips.

Financial statements

Our accounts are dominated by the provisions balance of £2,529.0 million. The rationale and methodology for calculating this are shown at note 13 to the accounts. As in previous years and in line with our accounting policy, this provision for resolving the impacts of past coal mining was reviewed at the end of the year (2020-21). This balance has risen by £223.0 million (2019-20: increase of £9.0 million), largely the result of the inclusion of 2 new preventative schemes and the continuing pressure on the cost of operating our schemes. In line with accounting practice we adjust our cashflows to reflect the time value of money based on assumptions and discount rates provided by HM Treasury. These rates were relatively stable this year, resulting in a reduction in the provisions balance of only £15.0 million (2019-20: reduction of £96.0 million).

Statement of comprehensive net expenditure

Comprehensive net expenditure for the year to 31 March 2021 was £260.9 million as compared to £48.0 million in 2019-20. The large difference between the 2 years is driven by the provision movements outlined above. Excluding these provisions movements, comprehensive net expenditure for the year was £16.9 million (2019-20: £20.6 million), a fall of £3.7 million.

The reasons behind this movement are outlined below.

Total operating income:

Total operating income, which excludes grant in aid, was £16.9 million (2019-20: £18.3 million) reflecting our ongoing strategies to work collaboratively with government organisations to support them in managing their risks whilst promoting competition in the mining reports market and enabling others to use our information to make informed decisions.

- We're a long way now from our original near-monopoly position in mining reports, with around 50% market share demonstrating the success of an opening up of the market over the last 6 years. A modest loss of market share during the year combined with the initial effect of COVID-19 on housing and related markets has seen our mining reports revenue drop by £1.6 million to £7.9 million, offset by increased fees of £0.2 million from the sale of our data to external bodies to broaden the market.

- Our advisory and technical services income has, however, risen by £0.7 million to £6.0 million, driven mainly by our work with our Welsh partners to safely manage coal tips providing peace of mind to local communities.
- The other major difference in our income from 2019-20 is reduced ‘clawback’ income from the sale of properties previously owned by the Coal Authority - £0.6 million compared to £1.1 million in 2019-20. This income is unpredictable and its timing is largely outside our control.

Expenditure:

- Staff costs of £15.8 million showed an increase of £0.7 million compared to the previous year as we increased headcount in order to deliver our front line services. 2020-21 also saw the extension of a small number of agency staff contracts to provide resilience in our teams as COVID-19 and related government lockdowns began to affect our work and people.
- Purchase of goods and services (not including costs previously provided) dropped by £0.5 million to £8.45 million, including a saving of £0.3 million through reduced travel during the COVID-19 lockdowns.

- It is worth mentioning again, in passing, our commitment to incident response. Whilst there was significant spend on a number of incident responses, this spend, whilst having an effect on our cash flows, has not been booked to the Statement of comprehensive net expenditure as it was covered by provisions previously raised against the future cost of managing coal mining legacy. See the section below on cash flow for further information.
- Depreciation, revaluation and impairment charges were this year £9.4 million. The 2019-20 charge at £15.0 million was unusually high due to the completion of 2 large schemes which were immediately impaired to nil net book value in line with our accounting policy. Significant capital investment over both years will reduce future costs of maintaining and operating schemes.

Statement of financial position

Net liabilities at £2,519.9 million increased by £216.9 million against 2019-20's £2,303.0 million. Key factors were:

- Provisions against future liabilities increased by £223.0 million as a result of the review in provisions outlined above. Further information is available at note 13 to the accounts.
- The increase in property, plant and equipment balances of £3.9 million to £13.0 million, is driven mainly by land purchases for mine water schemes (£2.4 million) and ongoing scheme expenditure

within our “assets under construction” balance (£1.1 million) as well as expenditure of £0.6 million to refurbish Head Office buildings.

- Intangible assets have risen slightly by £0.3 million reflecting ongoing investment in our information technology and systems.
- Continued focus on disposing of surplus property resulted in a £0.4 million drop in the combined value of properties held for investment and those held for sale after the sale of surplus land in the North East of England
- Although our underlying receivables balance has remained broadly consistent year on year, the carrying balance has risen by £0.4 million including the removal of certain provisions against bad debts (‘expected credit losses’) once the reduced economic uncertainty of the COVID-19 pandemic on our customers was better understood.
- Cash and cash equivalents stand at £10.8 million (2019-20: £5.1 million): see the section below on cash flow for details on movements.
- Trade and other payables have seen a significant increase of £3.8 million, with 2 main drivers: an increase in accruals of £4.8 million for public safety expenditure and capital expenditure on mine water schemes offset by a reduction of £1.0 million in the security balances carried to discharge liabilities relating to industry claims.

Cash flow

There was a net increase in cash during the year of £5.7 million. Constituent parts of this movement were:

- The receipt of £44.1 million grant in aid from the Department for Business, Energy and Industrial Strategy (BEIS) (2019-20: £34.8 million). The increase, which is the major movement in our cash balance year on year, is drawdown to cover working capital relating to 2 main areas: settling public safety incidents and our capital programmes, in line with the commentary on accruals above.
- A net cash outflow from operating activities of £27.9 million (2019-20: £25.1 million). We have spent more this year on our operations, particularly the emergency response in Skewen, South Wales, though also at incidents in Scotland and South Yorkshire and on settling our legacy commitment at Clipstone Colliery.
- A net cash outflow from investing activities of £10.5 million (2019-20: £10.6 million). This relates to the purchase of property, plant and equipment as part of our ongoing programme to develop and build mine water treatment schemes and subsidence pumping stations, and in the ongoing investment in our information technology and systems. The increased investment is partly offset by £0.9 million of receipts (2019-20: £1.1 million) from the sale of properties owned or previously owned by the Coal Authority.

- At 31 March 2021 we held £10.8 million cash (2019: £5.1 million). This includes £2.2 million (2019: £2.9 million) of ring fenced funds in respect of security called in from mining operators that have been liquidated. The movement in called in security is used to discharge these industry claim liabilities as part of our operating activities.

Going concern

To the extent that they are not met from our other sources of income, our liabilities may only be met by future grants or grants in aid from our sponsor department BEIS. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Paragraph 14(1) of Schedule 1 to the Coal Industry Act 1994, states: “The Secretary of State shall, in respect of each accounting year, pay to the Coal Authority such amount as he may determine to be the amount required by the Coal Authority for the carrying out during that year of its functions under this Act.”

On that basis, the board has a reasonable expectation that we’ll continue to receive funding so as to be able to meet our liabilities. We’ve therefore prepared our accounts on a going concern basis.

Our people

The last year has been difficult, challenging and at times heart breaking for everyone. Our focus on wellbeing has allowed colleagues to balance delivery with care for their loved ones and by prioritising work we have protected services that most impact the lives, health and wellbeing of our customers.

The dedication of our people has stood out across the year. Much of our 24/7 incident response work requires us to be present in communities and supporting people face to face and the commitment of our staff has enabled this to happen safely - and allowed us to provide additional support to those have needed to evacuate or sell their home to us during the pandemic. We quickly adapted our ways of working so that most people could work from home and those working in communities could do so confidently in a COVID-19 safe way. We also recognised that not everyone feels safe or able to work from home and created a COVID-19 safe working environment in the office for those who preferred to be based there. We prioritised staff engagement to ensure that everyone felt supported and was clear about our direction and priorities and encouraged colleagues to share things that helped them cope and made them happy alongside working together to deliver for our customers.

Following an IT upgrade in 2019-20 we had surplus laptops and IT equipment that would have been recycled or disposed of once all the information had been securely wiped. We provided most of these to a local charitable campaign, #makingITpossible, which helps tackle the digital divide by distributing reconditioned IT equipment to children and young people in the Mansfield and Ashfield area. We also loaned 20 of these laptops to colleagues whose home IT equipment was insufficient to support home schooling commitments.

We also enabled some staff to volunteer for the NHS / local charities to support their communities during the pandemic.

We have taken lots of learning from working differently and are now developing a plan for our 'new normal' ways of working which will be more flexible and blended than we were before and help us to employ more people across coalfield areas which we hope will allow us to attract more diverse talent and to be more representative of the range of communities that we serve.

We've continued to invest in the development of our people and have developed an online platform to support this, including topics such as health and wellbeing, equality and diversity, leadership and management. We launched a new online 'on boarding' programme to support new starters and have received great feedback from those who have joined us.

We've continued to make progress on the actions identified in the 2019 people survey but have needed to prioritise in some areas to achieve the urgent changes mentioned previously. Our commitment remains and further work will take place this year including developing our next long term business plan to give greater corporate direction and rolling out more technical competency frameworks.

We supported Anti-Bullying week in November 2020 and continue to reinforce the importance of dignity and respect at work for all.

Our Staff Engagement Group and growing number of diversity, inclusion and wellbeing groups and networks create a range of safe spaces for people to raise concerns or ideas and to feel supported.

Our commitment to diversity and inclusion has continued. We now have a diversity and inclusion steering group to support our networks and drive progress against our plan and priorities. We have delivered tangible improvements such as a new approach to recruitment, more inclusive policies as they are reviewed and sharing regular perspectives and reflections on anti-racism. We have worked with other organisations such as HS2, the Intellectual Property Office, Bristol Water and other public bodies through the Association of Chief Executives to share learning and seek best practice. We have recently become members of the IEMA Sustainable Diversity Initiative and look forward to working with others to drive progress on diversity and inclusion, especially on race, across the environmental sector.

Our 2019-20 Gender Pay Gap report showed that our mean and median gender pay gaps have reduced by 1.94% and 5% respectively. We have seen more women coming into the organisation in higher grades and more women being promoted through our internal process which suggests the work we have been doing on anonymous recruitment and on mentoring, coaching and leadership development is starting to work. We know that the gap (mean 19.97% median 26.49%) is still too high and have much more to do. Our new diversity and inclusion strategy ‘ A great place to work for everyone’ describes our next steps to make progress across all aspects of diversity and inclusion for our staff and customers.

Health, safety and wellbeing

We have always put the health safety and wellbeing of our people, customers, partners and supply chain at the heart of what we do but this has never been more clearly felt than during the past year.

We’ve talked elsewhere in this report about our move to home working and support for the mental health and wellbeing of our people. This was supported by more training on DSE and by access to resilience and wellbeing webinars, group coaching sessions and to private counselling for them and their families through our employee assistance programme. Our mental health first aiders also played an important role.

Just before the first lockdown in 2020 we had begun to replace the heating and air conditioning systems in our Mansfield office. The project was quickly reassessed and adjusted to maximise flexible working options and include additional COVID-19 security measures.

Following the first lockdown, where many of our contractors had to furlough staff, we worked with our supply chain to ensure that everyone was trained and ready to come back onto site and developed a COVID checklist for all sites. HSW observations are reduced as less people have been on site but we’ve continued key inspections and audits to ensure work is happening safely and have reviewed our near miss and accident reporting process to improve escalation and learning.
In 2021-22 we will publish our new Health and Safety Plan (to complement our existing Wellbeing Plan) and develop a new system to enable better reporting and communication of our health, safety and wellbeing data.

Measure	2020-21	2019-20
HS&W observations – unsafe acts (staff and contractors)	959	3,051
HS&W observations – good practice examples (staff and contractors)	320	324
HS&W inspections (staff)	140	412
Accidents – no time lost (staff)	6	5
Accidents – time lost (staff)	0	0
Incidents – Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)	0	2

Sustainability and the environment

We’ve established a baseline position for our simpler to identify emissions and are working on the more complex so that we can finalise a clear plan for us to achieve net zero carbon by 2030.

We’ve identified the areas that can make the greatest difference and aspects where we need to undertake more research to make significant progress. We’re embedding sustainability into all aspects of our decision making and are working with partners including the

Environment Agency and Severn Trent Services and across our supply chain to learn and share best practicing areas like construction, pumping, chemical and water use. We know that we need to significantly increase the amount of renewable power we generate we will develop a focused plan for that this year.

We will evolve our Sustainability Plan to maximise outcomes for people and wildlife from our sites. This year we have undertaken desk based assessments of the biodiversity on each of our sites and this will be tested through site based evaluations during 2021-22.

We've taken learning from working differently over the last year and will use this to inform our future approaches. We have much more to do but we're committed to real progress over the years ahead.

Sustainability drivers	2020-21	2019-20
Carbon emissions from mine water operations CO^2e (tonnes)	2,858	3,753
Carbon emissions from head office CO^2e (tonnes)	97	216
Carbon intensity - business travel (tCO^2e/100,000km)	17.2	15.8
Water usage m^3	478	1,145

Our data shows that we’ve continued to make progress on our sustainability drivers, although the COVID-19 pandemic has changed the way we do our essential work. Home working has greatly reduced our head office carbon emissions and water usage. However our business travel carbon emissions have increased slightly through the need to take more carbon intense car journeys rather than rail travel during the pandemic. Through our new Sustainability Plan we will focus our sustainability drivers and reporting to measure progress against our new targets.

Case study: our work in England

We’re committed to promoting thriving wildlife and resilient nature across our sites and to providing safe access to our green spaces for local people wherever we can. We’ve been working with partners through the Nature Recovery Network in England to better understand and enhance the habitats across our estate.

Working with students from Hull University we have looked at the diversity of birds visiting two of our mine water treatment sites. This work showed that these mine water treatment schemes create an important mosaic of habitats including grasslands, reed bed and swamp, open water, woodland and scrub. Twelve species listed on the British Ornithological Trust’s list of Birds of Conservation Concern were found during these surveys. This shows that our mine water treatment sites have the potential to offer far more environmental benefits than just clean water alone. The learning from this exercise is being used across our network of sites, not just in England but across the rest of Britain. Our estate includes 290 hectares of mine water treatment sites and 690 hectares of disused coal tips. Detailed habitat and species information will also help to inform where we can make changes to further enhance biodiversity, such as changing grass cutting activities to encourage more wildflowers and providing more food sources for bees, butterflies and beetles. This increased understanding will also help us better design future schemes to prioritise community access and nature alongside renewable energy and the protection of drinking water, rivers and marine environments.

This performance report, has been approved by the chief executive and accounting officer.

Lisa Pinney MBE
Chief Executive and Accounting Officer
1 July 2021

Our year in England

- We carried out 7,762 mine entry inspections
- We investigated 324 surface hazard reports
- We delivered over 126,081 mining reports
- We provided 5,525 planning consultation responses
- We treated 71 billion litres of water
- We prevented 3,200 tonnes of iron solids from entering water courses

Accountability report

Accountability report

The accountability report meets key accountability requirements to parliament. The requirements are based on the Companies Act 2006, as adapted for the public sector.

It encompasses the matters required to be dealt with in a directors' report and in the remuneration and staff report, as set out in Chapter 6 of the Companies Act. It covers such matters as directors' salaries and other payments, governance arrangements and the audit certificate and report. It is signed and dated by the accounting officer.

The accountability report consists of 3 main parts. These are the:

1. **Corporate governance report**, dealing with the Coal Authority's governance structures and how they support the achievement of the Coal Authority's objectives.

2. **Remuneration and staff report**, containing information about senior managers' remuneration and other staff related disclosures required by the Companies Act and other governmental sources.

3. **Parliamentary accountability and audit report**, comprising additional disclosures required by parliament, and a view on such matters as regularity of expenditure, fees and charges and long term expenditure trends. It includes the audit certificate and report.

Corporate governance report

The corporate governance report consists of 3 main parts. These are the:

1. **Directors’ report**, which covers a variety of statutory disclosures not outlined elsewhere in the annual report and accounts.

2. **Statement of accounting officer’s responsibilities**, which sets out clearly the responsibilities assumed with respect to the annual report and accounts by the nominated accounting officer, and the legislative basis for them.

3. **Governance statement**, which explains the composition and organisation of the Coal Authority’s board and governance structures and how they support the achievement of the Coal Authority’s objectives.

Directors' report

The Coal Authority presents its report and audited financial statements for the year ended 31 March 2021. The accounts have been prepared in a form directed by the Secretary of State with the consent of HM Treasury in accordance with paragraph 15(1)(b) of Schedule 1 of the Coal Industry Act 1994 ("the Act"). The accounting officer authorised these financial statements for issue on the date of certification by the Comptroller and Auditor General.

Functions, duties and powers of the Coal Authority

The powers and functions of the Coal Authority were initially set out in legislation by the Coal Industry Act 1994 and the Subsidence Act 1991 (as amended by the Coal Industry Act 1994). We assumed our functions on 31 October 1994.

These functions are set out at www.gov.uk/coalauthority and relate to the coal industry and the management of interests inherited from the British Coal Corporation, licensing of coal mining operations, dealing with coal mining subsidence and providing information.

The 1994 Act has been further amended by subsequent legislation, including the Water Act 2003 and the Water Services (Scotland) Act 2005. This has extended the Coal Authority's powers to prevent or lessen the effect of the discharge of polluted water from a coal mine onto any land or into watercourses.

The Energy Act 2011 extended the Coal Authority's powers to use its expertise in other non coal mining related contexts including action to protect water quality from the effects of polluted mine water discharge from abandoned mines, as required by the Water Framework Directive.

Review of operations

The chief executive's report gives a summary of our activities during the year and the future outlook.

Finance risk management

The governance statement sets out the governance structures that we've used to monitor and control risk and the board's approach to risk management. It also identifies and discusses the significant risks and the mitigation in place. We've a strong system of financial control and active financial risk management. We've no borrowings and rely on grant in aid and other income to fund our cash requirements.

We therefore have minimal exposure to liquidity, credit and cash flow risk. All assets and liabilities are denominated in sterling so there is no exposure to currency risk. We do not hold any assets that are directly impacted by interest rate movements nor do we engage in any hedge accounting.

We hold some items on the Statement of Financial Position that are discounted using rates specified by

HM Treasury, specifically provisions. HM Treasury vary these discount rates from time to time, which will affect both the Statement of Financial Position and the Statement of Comprehensive Net Expenditure. This has had relatively low impact in 2020-21 (decrease of £15 million compared to £96 million in 2019-20). As shown in Note 13 to the Accounts.

Future developments

Our future developments and objectives have been discussed in other areas of the annual report, including the chief executive’s report and the strategic risks section of the performance report.

Research and development activities

We undertake a range of research and development activities to improve the efficiency of our operations and in particular reduce the long term net cost of treating mine water. This includes finding uses for our by-products (for instance iron ochre) and promoting the use of mine water flowing through abandoned mine workings as a source of geothermal heat and low carbon energy.

Branches outside the UK

We’ve no branches outside the UK.

Donations

We made no political or charitable donations during the year.

Employee involvement

We’re committed to engaging with staff throughout the business as outlined in ‘Our people’.

Employment

We’re committed to equal opportunities and have a strong focus on diversity and inclusion. This commitment means that decisions to appoint, reward, train, develop and promote are taken on the basis of skills and abilities, matched against the requirements of the job.

We support and celebrate difference and are working to attract, develop and maintain a more diverse workforce. We’re making progress but know there is more to do.

We seek to attract and retain high calibre employees. Opportunities for training are given high priority to ensure that all staff can contribute to their own career development.

Pensions and other post retirement benefits

Former and current employees who have chosen to join are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multiemployer defined benefit scheme. The accounting policy is given in note 1 to the accounts and further information about the scheme is provided in the remuneration and staff report.

Personal data

There were no Information Commissioner's Office (ICO) reportable data breaches during the year. The governance statement provides further details of our information risk management activities.

Long term expenditure trends

These are reviewed by the directors as part of the annual review of provisions. Please see note 13 to the accounts.

Auditors

The Comptroller and Auditor General was appointed under the Coal Industry Act 1994 and reports to parliament on the audit examination. The audit fee was £65,000. No remuneration was paid to our auditors for non-audit work and no other services were provided.

Access to information and complaints

As a public body, we've a duty to answer requests under the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIR).

We received 76 requests (FOIA, EIR and Subject

Access Requests) during the year and answered all in accordance with the deadlines and standards set by the ICO except one which was answered one day outside of the deadline. The ICO have confirmed that they will not issue a decision notice in respect of this. No requests went to appeal.

We received 28 letters from Members of Parliament, 3 from Members of the Scottish Parliament and 2 from a Welsh Senedd Member.

We received 33 complaints from members of the public and other customers. They were dealt with under our complaints procedure and resolved within the organisation with none referred to the Ombudsman. Our complaints procedure can be found on our website www.gov.uk/coalauthority

Board of directors

Board and their interests

No board member of the Coal Authority has any financial interest in the Coal Authority. A register of interests is maintained which is open to the public to view at our offices in Mansfield or can be accessed at www.gov.uk/coalauthority

There were no related party transactions in respect of board members in 2020-21.

Lisa Pinney MBE - Chief Executive

- appointed as Chief Executive from 1 June 2018
- appointed as Board Director from 1 June 2018 to 31 March 2020
- reappointed to 31 March 2023

Paul Frammingham – Chief Finance and Information Officer

- appointed as Board Director from 1 April 2011 to 31 March 2014
- reappointed to 31 March 2017
- reappointed to 31 March 2020
- reappointed to 31 March 2023

Carl Banton – Operations Director

- appointed as Board Director from 22 March 2021 to 31 March 2023

Jeff Halliwell (from 1 April 2021) – Non-Executive Director

- appointed as Board Director from 1 April 2021 to 31 March 2024
- appointed as Chair from 1 April 2021 to 31 March 2024

Gemma Pearce – Non-Executive Director

- appointed as Board Director from 1 April 2016 to 31 March 2019
- reappointed to 31 March 2022

Steve Wilson – Non-Executive Director

- appointed as Board Director from 1 April 2017 to 31 March 2020
- reappointed to 31 March 2023

Jayne Scott – Non-Executive Director

- appointed as Board Director from 1 April 2019 to 31 March 2022

Stephen Dingle (until 31 March 2021) – Non-Executive Director

- appointed as Board Director from 1 May 2008 to April 2011
- reappointed to 31 September 2014
- appointed as Chair from 1 April 2013 to 31 March 2017
- reappointed to 31 March 2020 (extended until 31 March 2021)

Statement of the accounting officer's responsibilities

Under paragraph 15(1)(b) of Schedule 1 to the Coal Industry Act 1994 the Secretary of State, with the consent of HM Treasury, has directed the Coal Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Coal Authority and of its net expenditure, financial position, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the accounting officer is required to comply with the requirements of the government's Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the government's Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements

- prepare the financial statements on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The accounting officer for the Department for Business, Energy and Industrial Strategy (BEIS) has designated the chief executive as accounting officer of the Coal Authority.

The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding the Coal Authority’s assets, are set out in Managing Public Money published by HM Treasury.

As accounting officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Coal Authority’s auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance statement

This governance statement outlines the governance, risk management and control arrangements in place to ensure achievement of the Coal Authority’s objectives. It concludes that these are effective and continue to develop to manage the Coal Authority’s risks so that we can continue to make a better future for people and the environment in mining areas.

The Coal Authority’s governance framework

We’ve committed to high standards of corporate guidance. We work within a framework document that is reviewed and agreed periodically with the Department for Business, Energy and Industrial Strategy (BEIS). This sets out the purpose of the Coal Authority, the core elements of the relationship with BEIS, and the framework within which we operate. In 2020-21 there have been no changes to this framework.

The Coal Authority has an established governance framework supported by an appropriate organisational culture. This is summarised below and explained in this statement.

Impact of COVID-19 response on governance framework

Towards the end of March 2020 the government announced measures to control the spread of the COVID-19 pandemic. The Coal Authority invoked its business continuity plan and moved to predominantly working from home with immediate effect.

A Senior Management Team (SMT) consisting of the Executive Leadership Team (ELT) and certain heads of department was created to manage the Coal Authority's response. This ensured that we could prioritise activity to protect life, drinking water and the environment and focus on supporting our customers and the wellbeing of our teams. The SMT has remained in place throughout the period. Systems and governance processes remained effective and more detail is given in the following sections.

1 The board and its committees

1.1 Board of directors

The Coal Authority has an established governance framework supported by a board of directors. The board sets and communicates strategic intent and direction, makes strategic decisions that cannot be delegated and monitors and challenges corporate business performance.

Throughout most of 2020-21 the Coal Authority had 6 directors (2 statutory executive and 4 non-executive). Carl Banton (Operations Director) was appointed as a statutory executive director on 22 March 2021.

In February 2021 our new Chair, Jeff Halliwell was appointed to succeed Stephen Dingle. Jeff’s formal tenure as chair begins on 1 April 2021 and he attended the February and March meetings of the board. Non-executive directors are recruited and appointed to the board by the Secretary of State for BEIS. Statutory executive directors are recruited to their posts by the board and appointed to the board by the Secretary of State for BEIS.

We proactively changed our approach to board and committee meetings in the light of COVID-19, making the most of available technology and conducting meetings via video conferencing from March 2020. We ran shorter, more frequent meetings (10 board meetings and 6 audit and risk committee meetings in 2020-21 compared with 7 board and 3 audit and risk assurance committee meetings in 2019-20).

Membership and attendance of the board and its committees is shown in the table opposite.

Non-Executive directors

Stephen Dingle – Chair of Board

Attended 10 of 10 board meetings, is not a member of the audit and risk committee, attended 4 of 4 HR and remuneration meetings and 1 of 1 SHE meeting

Gemma Pearce – Chair of HR and Remuneration committee

Attended 10 of 10 board meetings, 6 of 6 audit and risk committee meetings, 4 of 4 HR and remuneration meetings and 1 of 1 SHE meeting

Steve Wilson – Chair of SHE

Attended 10 of 10 board meetings, 6 of 6 audit committee meetings, 4 of 4 HR and remuneration meetings and 1 of 1 SHE meeting

Jayne Scott – Chair of Audit and Risk committee

Attended 10 of 10 board meetings, 6 of 6 audit committee meetings, 4 of 4 HR and remuneration meetings and 0 of 1 SHE meeting

Statutory executive directors

Lisa Pinney MBE – Chief Executive

Attended 10 of 10 board meetings, 6 of 6 audit committee meetings, 4 of 4 HR and remuneration meetings and 1 of 1 SHE meeting

Paul Frammingham – Chief Finance and Information Officer

Attended 9 of 10 board meetings, 6 of 6 audit committee meetings, 4 of 4 HR and remuneration meetings and is not a member of the SHE committee

Carl Banton – Operations Director

Attended 1 of 10 board meetings, is not a member of the audit committee, 0 of 4 HR and remuneration meetings and 0 of 1 SHE committee. Carl Banton was appointed as a statutory executive director on 22 March 2021 but including his executive role attended the board (10), SHE committee (1) and HR and remuneration committee (4).

The commercial director, strategy and performance director, operations director (who was appointed as a statutory director of the board in March 2021) and head of legal and governance attended the board by invitation. Other senior managers attend the board in order to present papers and join strategic discussions and to support their learning and development.

1.2 Board performance

Compliance with the corporate governance code

We comply with the corporate governance code in central government departments and government guidance in so far as is relevant and practical for an arm's length body of our size and complexity. In line with our BEIS framework document:

- the board monitors the Coal Authority's performance in an effective manner including playing an active role in managing stakeholder relationships
- the board constructively challenges and helps to develop strategy, supported by the effective leadership of the chair who oversees a high standard of discussion and debate at meetings
- the board receives accurate, timely and clear information to support its decision making which is concise and fit for purpose. This includes frequent updates on the Coal Authority's financial position, and achievements against corporate objectives

- the board ensures that a balanced and reasonable assessment of performance is reported to BEIS and regularly debates the main risks facing the Coal Authority. Through its audit and risk assurance committee the board maintains sound risk management and internal control systems
- the board annually reviews the Coal Authority’s corporate governance documentation in the March meeting of the board and includes the terms of reference for the board’s subcommittees
- the board has an appropriate balance of skills and experience to enable it to discharge its responsibilities effectively
- the HR and remuneration committee agrees executive remuneration within the guidelines set by HM Treasury and BEIS. Non-executive remuneration is set by BEIS and reviewed annually

Board performance and effectiveness review

The board undertakes regular evaluation of its own performance and that of its directors. All board members’ performance is appraised annually.

The board undertakes regular development sessions outside of formal board meetings to reflect on key aspects of its work. Usually board members visit sites to see the Coal Authority’s work first hand, however because of government travel restrictions it has not been possible to do this as a board this year. Where necessary and when restrictions have allowed individual board members have made COVID- secure site visits. In September and December 2020 the board held strategy sessions to review progress against its business plan and review the organisation’s strategic priorities for the next business planning period.

The board last undertook externally facilitated board evaluation during January 2020 to further build understanding of individual board member’s work preferences to facilitate even more effective team working and understand the board’s collective strengths and areas to develop. Learnings from this review have been actively implemented during board meetings through the period. During April 2021 a session was run with the same facilitator to examine how the change of chair may affect the board’s balance of work preferences and collective strengths.

The board considers that it has substantively achieved its objectives and has continued to operate effectively during 2020-21. The board sees value in regular reviews of its performance and objectives which ensures that they remain current and up to date.

1.3 Board committees

The board is supported by its committees as outlined below:

Audit and risk assurance committee

The Coal Authority’s audit and risk assurance committee (ARAC) members comprise of all the non-executive directors other than the chair of the board. The chief executive, the chief finance and information officer and the head of finance attend meetings by invitation. Other senior managers attend the committee in order to present papers and join discussions. In addition 2 committee meetings were observed separately by members of the BEIS ARAC including its chair. During 2020-21 the audit and risk assurance committee was chaired by Jayne Scott.

During 2020 the committee reviewed its terms of reference to better reflect the committee's oversight of risk management processes and the board agreed that the committee change its title from audit committee to audit and risk assurance committee. The committee ensures that we operate effective and integrated risk management and control systems to ensure the overall level of assurance is adequate. It reviews external audit strategy and outcomes, recommends the approval of the annual report and accounts, and oversees the internal audit function provided by the Government Internal Audit Agency (GIAA). The committee met 6 times during the year and held an additional workshop which focused on risk assurance.

During the year the committee:

- reviewed and commented upon the new risk management and assurance framework
- reviewed the Coal Authority's fraud prevention strategy and action plan

- continued to focus on financial reporting risk and reviewed our accounting policies, including review of significant judgements made in preparing the accounts and assumptions underlying our provisions balance
- assessed the overall control environment for reporting to the board and accounting officer
- received regular updates on the Coal Authority's work to manage cyber risk
- reviewed other internal audit work undertaken by GIAA including:
  - COVID-19 Assurance Finance Controls / Approvals
  - Public Safety (Site Inspections)
  - Health and Safety
  - Mining information and data

In line with the previous year the internal audit opinion for 2020-21 offered management a 'substantial' level of assurance over the adequacy and effectiveness of the framework of governance, risk management and internal controls of the organisation. This follows a series of strong internal audit reviews during the year.

Internal audit identified no significant findings during the year and recommendations to enhance controls in specific areas have been adopted as appropriate.

The Human Resources (HR) and remuneration committee

Membership of the HR and remuneration committee comprises 4 non-executive directors and the chief executive. This committee is chaired by Gemma Pearce. The strategy and performance director, and other members of the executive leadership team attend meetings by invitation.

The HR and remuneration committee has met 4 times within the year and has continued to support the Coal Authority in improving organisational capability to meet future business requirements.

During the year the committee:

- reviewed PDR distribution for 2019-20 to ensure the equitable distribution of performance related pay
- reviewed the pay remit principles prior to submission to government
- discussed the approach to organisational and staff performance reviews in the light of the COVID-19 pandemic
- reviewed and commented on the Gender Pay Gap report
- discussed and reviewed proposals for organisational changes to structure
- received regular updates on key strategic initiatives and HR and learning and development metrics such

as work on diversity and inclusion, onboarding and anonymised recruitment

- considered the way that changes to working prompted by remote working and invoking the Coal Authority’s business continuity plan were impacting on staff wellbeing and organisational performance

Safety, Health and Environment (SHE) committee

The SHE committee is chaired by Steve Wilson. Membership of the committee includes the chief executive, operations director, head of environment, head of public safety and subsidence and head of SHE.

This year the committee’s terms of reference and membership have been reviewed to ensure the committee maintains strategic oversight of both the environmental/ sustainability agenda as well as the health, safety and wellbeing agenda. Its main responsibilities are to provide oversight of the Coal Authority’s SHE and sustainability strategy, ensure a positive health and safety culture is embedded throughout the organisation and advise the board on SHE matters to support the business plan. The SHE committee review detailed information on health, safety, wellbeing and the environment to gain assurance on how the organisation is performing and to set the priorities.

The committee has met once during the year and considered:

- the Annual management review which provides assurance on the suitability, adequacy and effectiveness of the SHE management system and proposed future objectives to enable continued improvement
- mental health and wellbeing review
- an update on organisational performance and key strategic initiatives relating to health, safety and wellbeing
- environmental management and sustainability
- the adoption of, and adherence to, robust COVID safe working practices

As outlined above, in response to COVID-19 the board met more frequently during the period. The board also considered Sustainability objectives and the impact of COVID-19 on Safety, Health and Wellbeing during the year.

2. Performance management - executive leadership team

The executive leadership team (ELT) comprised the chief executive, the chief finance and information officer, the strategy and performance director, the operations director, the commercial director and the head of legal and governance, who all reported directly to the chief executive in 2020-21. Each member of the ELT is responsible for the leadership and delivery of their directorate, but is also collectively responsible for the leadership and delivery across the organisation. ELT is joined by 2 heads of department who attend meetings as a development opportunity on a 6 monthly rota.

This year ELT's meeting patterns have responded to the changing business needs prompted by the pandemic and conducting business remotely. Meetings have a formalised rolling agenda which considers all aspects of the organisation's work. In addition the meeting considers the chief executive's monthly update

report which provides a high level oversight of how the business is performing as a whole.

This report normally includes:

- updates from each directorate
- a review of organisational performance
- a financial summary report
- a review of movements against the Coal Authority's corporate risk
- information on our people and the health, safety and wellbeing of our people, suppliers and the public

As outlined previously, an additional senior management team (comprising ELT and other key heads of department) was convened at the end of March 2020 to provide close oversight the Coal Authority COVID-19 response and the organisation's business continuity plan.

3. Financial control

The Coal Authority has a strong system of financial control based on well defined levels of delegated authority and a clear budgetary framework. This system remains effective with no control issues of note identified by internal or external audit during the year.

Matters reserved for the board are clearly set out in the framework of strategic control with further detailed guidance in respect of policies, procedures and delegated authority levels published and available to staff.

The investment and opportunities board is an important part of our financial controls framework and has delegated authority from the chief executive to approve capital expenditure, key programmes, projects and commercial opportunities provided they are:

- in line with the Coal Authority’s strategy as set out in its 5 year business plan agreed by the board
- within the board’s risk appetite
- not a matter reserved to a government department
- in line with other government guidance relevant to the Coal Authority

Once programmes and projects have been approved by the investment and opportunities board they are overseen by a relevant programme board with the investment and opportunities board receiving regular updates and providing further oversight as required.

As part of our financial control framework we undertake an annual detailed review of our provisions for liability arising from past coal mining. Our business teams validate key assumptions and revise estimates that feed into this balance based on latest information.

This is followed by comprehensive review and challenge by our finance team and members of the ELT and analysis of drivers behind our provisions balance and key movements are presented to the Audit and Risk Assurance committee. Outputs from the provisions model feed into our annual financial statements (see note 13 to the accounts) as well as providing a framework for our detailed budget setting and medium term business planning.

4 Risk management

4.1 Embedded risk management and culture

Substantial progress has been made to continually improve our risk management and assurance processes and culture throughout the year. Examples of this are a focus on assurance mapping our risks and revisiting and revising the Boards Risk appetite statement. The new risk management and assurance framework (RMAF) is being rolled out across all directorates supported by the appointment of a risk manager. Evidence of our embedded risk management and culture includes:

- an approach to risk management that has been live to the new challenges posed by COVID-19, supported by the output of a GIAA facilitated COVID risk workshop
- board focus on strategy and key risks
- board review of its risk appetite in November 2020
- ongoing, live interaction between our managers, ELT members, and board members that promotes an understanding of risk
- processes that ensure, in line with our framework of strategic control, any issue or project that falls outside the board's risk appetite is formally considered by the board for decision
- a risk register that is current, subject to quarterly management sign off, and subject to periodic audit committee, ELT and business team review
- ongoing implementation of the RMAF to ensure that risk management processes are consistent, proportionate and work effectively
- an investment and opportunities board that ensures business cases for projects adequately consider key risks in the context of risk appetite
- a risk register that is current, subject to quarterly management sign off, and subject to periodic audit committee, ELT and business team review
- the ELT's continued focus on strategic issues and key risks around the culture, capacity and competence of our organisation

- business cases containing information in relation to risk appetite

4.2 Information assurance and cyber security

The Coal Authority does not hold top secret or secret information and the inherent information risk posed to government through the Coal Authority is relatively low. The senior information risk owner (the chief finance and information officer) is a board member and ensures that proportionate controls are implemented to manage information risk in line with the board's risk appetite.

As part of our COVID-19 response and changes to our ways of working, we have continued to maintain a careful balance ensuring the security and availability of our information whilst meeting the requirements of the business.

We've an appropriate risk assessment, information risk management and data protection policy and an information asset register. This year we have completed the government's Departmental Security Health Check-Lite self assessment, verified by an independent organisation. No significant gaps in control were identified.

Over the year we've undertaken a range of communications which have continued to improve information security awareness and improved our staffs' understanding of cyber risks. This year we also launched an interactive cyber security and anti-fraud awareness platform to allows us to deliver bitesized and targeted learning to colleagues.

We’ve continued to improve our technical controls and a technical security strategy of strength through depth has been effective in trapping threats. We’re not aware of any significant breaches of security or policy or loss of personal protected information during the year.

4.3 Risk assessment

The key risks that we’ll need to manage to deliver our plans are outlined in the strategic risks section of the performance report. We continue to manage these risks closely. Further explanation of the risks and control measures is given in the performance report.

We attempt neither to eliminate risk, nor pursue opportunities without ensuring risk is considered and managed. Explicit reference to risk appetite allows us to adopt a common language across the Coal Authority and provides a framework for managers to confidently make risk based decisions.

Risk appetite is required to be referenced in board and investment and opportunities board papers. Understanding of the concept of risk appetite continues to be promoted through coaching and live, real time conversations with managers.

5. Other considerations

5.1 Alexander tax review

The Coal Authority has complied with the Alexander tax review off-payroll procedures as per HM Treasury requirements to ensure any off-payroll staff are paying the appropriate income tax and national insurance.

5.2 MacPherson review (2013) of quality assurance

The Coal Authority does not currently operate any business critical analytical models as defined in the MacPherson review (2013).

5.3 Counter fraud (including anti-bribery, anti-corruption) and whistleblowing

We’re committed to creating a transparent environment and have a robust policy framework including clear policies for counter- fraud (incorporating bribery and corruption) and whistleblowing. Each policy provides guidance to staff and is part of the induction process. Both policies are reviewed on an annual basis for relevance and clarity, before being briefed to staff and published on our intranet.

Assessment of activity and feedback confirms that policies are well understood, effective and easy to use. The board is particularly committed to ensuring that staff feel empowered, supported and protected should they need to raise any areas of concern.

5.4 Preventing modern slavery

All contracts are risk assessed in line with central government guidance on preventing modern slavery and to identify contracts for services or materials in high risk sectors. For these contracts additional assurance is sought from suppliers and their supply chain to ensure that labour and materials are sourced in line with best practice.

6. Robust and continually improving control environment

Despite significant changes in the way the organisation has worked over the year due to COVID-19, systems and governance processes remained effective and the Coal Authority's critical activities have continued throughout the year. Work by the Government Internal Audit Agency has provided "substantial" assurance that key financial control and approval processes have remained effective and that our people have been supported to work at home safely.

Both COVID-19 and an emergency incident at Skewen, Wales, have required the forming of senior management teams to manage our response on a business continuity plan type footing. In both instances this approach has proved effective.

Despite these challenges during 2020-21 we have continued to work to improve our corporate governance and risk management processes to ensure that they are transparent, easy to use and fit for purpose.

We continue to review and evolve our control environment to ensure that it stays proportionate and effective as the external environment and our organisation continue to change.

7. Effectiveness of control environment

The system of governance, risk management and control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control has been in place in the Coal Authority for the year ended 31 March 2021 and, as illustrated, up to the date of approval of the annual report and accounts, in accordance with HM Treasury guidance.

Based on all of the elements of the Coal Authority governance framework, I am satisfied that the Coal Authority’s governance, risk management and internal control arrangements continue to be proportionate, fit for purpose and working as intended.

Remuneration and staff report

Introduction

This report has been prepared in accordance with the government's Financial Reporting Manual. The report is made by the accounting officer on behalf of the board on the recommendations of the HR and Remuneration committee. As part of the accountability report, the remuneration and staff report details key information relating to salaries and other payments, any exit payments or other significant awards to current or former senior managers. It also contains certain policies on both pay and wider issues, and statutory disclosure relating to such issues as fair pay and off-payroll engagements.

The following tables and sections within this report are subject to audit:

- non-executive directors' remuneration
- executive directors' remuneration
- executive directors' pension entitlements
- average numbers of persons employed
- staff and related costs
- reporting of civil service and other compensation schemes
- pay multiples

The HR and Remuneration committee

As explained in the governance statement, the Coal Authority has an established HR and Remuneration committee. This determines and keeps under review the pay and reward strategy for all staff of the Coal Authority and approves the principles of the pay remit for submission to the Secretary of State for Business, Energy and Industrial Strategy (BEIS). The committee's terms of reference prescribe that the chief executive shall not be present when their remuneration and conditions of employment are being considered.

Remuneration policy for the executive directors

Executive directors' remuneration follows senior civil service guidance. The HR and Remuneration committee reviews and makes recommendations about the remuneration of the executive directors including the chief executive, which is formally determined by BEIS. The committee followed senior civil service guidance and awarded an average 2% increase in executive directors' salaries from 1 April 2020.

Performance development reviews (PDR)

The executive directors participate in our PDR process. Individual assessments are made by the chief executive and reviewed by the chair and the HR and Remuneration committee. The chief executive's assessment is made by the chair and reviewed by the HR and Remuneration committee. Appraisal of individual performance is based on the achievement of defined objectives and behaviours assessed against 3 performance scores.

Performance related pay (PRP)

PRP is non-contractual and non-pensionable and is subject to obtaining annual approval via the pay remit process from BEIS. The pay remit for 2020-21 was approved by BEIS in December 2020.

PRP is earned based on a corporate award, reflecting corporate and individual performance against objectives. Corporate performance for 2020-21 has been assessed by the board at 90% and PRP has been accrued accordingly.

The Trade Union (Facility Time Publication requirements)

Under the above regulations the Coal Authority is required to provide details of trade union time. For 2020-21, there is no activity to report.

Staff turnover

Twenty two employees left the organisation during the year, a percentage of 8.34%, compared to a percentage of 12.46% in 2019-20. It is difficult to draw conclusions on a year on year comparison as 2020-21 is likely to have been heavily influenced by COVID-19 and associated restrictions. As highlighted in the performance report, our COVID-19 response focused heavily on employee health and wellbeing.

Staff sickness absence

The sickness absence rate for the year was 3.2 days as against 7.7 days for 2019-20. This reduction is attributed to fewer cases of long term sickness and also a lower number of ad hoc sickness days as employees continued to work from home in accordance with COVID-19 related government guidance. Transmission of infectious illnesses such as cold/flu which account for a high proportion of all ad hoc absence were significantly reduced over 2020-21.

Executive directors' contracts

It's our policy that executive directors should have employment contracts with an indefinite term providing for 6 months' notice.

The details of the executive directors' employment contracts are shown below:

Lisa Pinney MBE

Date of continuous service – 1 June 2018. Notice entitlement 6 months.

Paul Frammingham

Date of continuous service – 6 May 2008. Notice entitlement 6 months.

Carl Banton (appointed on the Coal Authority's board on 22 March 2021)

Date of continuous service – 5 January 2004. Notice entitlement 6 months.

The notice period to be given by the chief executive is 6 months and by the remaining executive directors, 3 months.

Non-executive directors' remuneration

From July 2016 non-executive directors have been appointed by BEIS. Between October 2008 and June 2016 they were appointed by the Department of Energy and Climate Change (DECC) in line with the Code of Practice issued by the Commissioner for Public Appointments. Their terms of engagement and remuneration are now determined by BEIS. They are not eligible to participate in the pension schemes or to receive PRP.

The fees paid to the non-executive directors are shown below:

	Contract end date	2020-21 £	2019-20 £
Jeff Halliwell	31 March 2024	2,818	-
Stephen Dingle	31 March 2021	27,050	27,050
Gemma Pearce	31 March 2022	11,666	11,666
Steve Wilson	31 March 2023	11,666	11,666
Jayne Scott	31 March 2022	11,666	11,666

In February 2021 our new chair, Jeff Halliwell, was appointed to succeed Stephen Dingle. Jeff's formal tenure as chair begins on 1 April 2021 and he attended the February and March meetings of the board.

Executive directors' remuneration

	Salary £000		Allowance £000		PRP £000		Pension benefits £000		Total £000	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Lisa Pinney MBE	135-140	135-140	-	-	15-20	15-20	54	53	205-210	205-210
Paul Frammingham	90-95	90-95	10-15	10-15	10-15	10-15	39	38	155-160	155-160
Carl Banton	0-5	-	0-5	-	0-5	-	2	-	5-10	-
Lisa Stanger	-	150-155	-	15-20	-	-	-	35	-	205-210

Carl Banton was appointed by BEIS as a statutory director on 22 March 2021. His package as a statutory director consists of a salary in the banding £75,000-£80,000, a pensionable allowance in the banding £5,000-£10,000 and a non-pensionable, non-guaranteed profit related pay award, which for the year 2020-21 (across Carl’s statutory and non-statutory roles in the year) was in the band £5,000-£10,000. No comparative figures are given as they relate to Carl’s non-statutory role.

Lisa Stanger left the Coal Authority on 31 March 2020 and received payment in lieu of notice of £70,000-£75,000. This includes payment in lieu of 6 months’ salary (£40,000-£45,000), holiday pay (£5,000-£10,000) and compensation for employers pension contribution (£10,000-£15,000), all of which are included in ‘salary’ above, and allowances of £5,000-£10,000. Directors’ allowances are explained below.

Executive directors’ remuneration includes salary, non-consolidated performance related pay earned in the year under the PDR process (non-contractual), certain allowances and the value of pension benefits accrued during the year.

Allowances include car allowances in both years for all directors except for Lisa Pinney and Carl Banton and:

- in 2020-21, responsibility allowances for Paul Frammingham and Carl Banton
- in 2019-20 and for Paul Frammingham and Lisa Stanger

PRP is based on performance levels attained and is made as part of the performance review process. PRP relates to the performance in the year in which it becomes payable to the individual.

We also participate in a HMRC approved cycle to work scheme. Paul Frammingham has participated in this scheme in both 2020-21 and 2019-20.

No executive directors received any benefits in kind during 2020-21 or 2019-20.

Executive directors' pension entitlements

	Accrued pension at pension age at 31 March 2021 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2021 £000	CETV at 31 March 2020 £000	Real increase in CETV £000
Lisa Pinney MBE	5-10	2.5-5	97	61	24
Paul Frammingham	25-30	0-2.5	353	315	20
Carl Banton	20-25	0-2.5	416	413	2

The 31 March 2020 CETV figure for Carl Banton is the CETV as at his appointment as a statutory director on 22 March 2021.

Cash equivalent transfer values (CETV)

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

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

Real increase in CETV

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

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others.

Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has 4 sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the 2 schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to 3 years' initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In nuvos a member builds up a pension based on the member's pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the 2 schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as ‘**alpha**’ – are unfunded multi-employer defined benefit schemes and the Coal Authority is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (https://www. civilservicepensionscheme.org.uk/about-us/ resource-accounts/).

For 2020-21, employers’ contributions of £2,819,000 were payable to the above schemes (2019-20: £2,664,000) at one of 4 rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands (2019-20: 26.6% to 30.3%).

The Scheme Actuary reviews employer contributions every 4 years following a full scheme valuation. The salary bands and contribution rates are set to meet the cost of the benefits accruing during the year to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. 4 (2019-20:5) employees were enrolled in partnership accounts in the year and the total amount of contribution was £18,969 (2019-20: £23,249).

There were no early retirements on ill health grounds in 2020-21 (2019-20: 1). The additional accrued pension liabilities in 2019-20 amounted to £12,522.

Average number of persons employed

Department:	2020-21 Staff	2020-21 Other	2020-21 Total	2019-20 Staff	2019-20 Other	2019-20 Total
Development & Information	56	1	57	55	2	57
Operations	93	2	95	89	1	90
Commercial & Innovation	33	1	34	35	1	36
Information technology	32	2	34	32	-	32
Corporate Management & Services	50	2	52	46	3	49
Staff numbers	264	8	272	257	**7**	**264**

Average number of persons employed as analysed above is consistent with the Coal Authority's organisational structure for both years.
Of the above, 7.8 full time equivalent persons were charged to capital projects during 2020-21 (2019-20: 4.3).

Staff and related costs

Staff costs comprise:	2020-21 Staff £000	2020-21 Other £000	2020-21 Total £000	2019-20 Staff £000	2019-20 Other £000	2019-20 Total £000
Wages and salaries	11,014	-	11,014	10,904	-	10,904
Social security costs	1,207	-	1,207	1,147	-	1,147
Other pension costs	2,819	-	2,819	2,687	-	2,687
Agency staff costs	-	773	773	-	318	318
Total staff costs	**15,040**	**773**	**15,813**	**14,738**	**318**	**15,056**

Staff composition

As at 31 March 2021	Non-executive directors	Executive leadership team	Senior managers	Staff	Total
Male	3	4	11	155	173
Female	2	2	6	105	115
Total	**5**	**6**	**17**	**260**	**288**

Disability, diversity and inclusion

We’re an inclusive employer and actively encourage and welcome applications from everyone who might have the right skills to help us make a better future for people and the environment in mining areas.

This means that we do the basics like providing reasonable adjustments for disabled and differently abled candidates at interview and help them succeed at work. We encourage flexible working, part time and term based hours and so on but we aim to go further than this and be a more diverse and inclusive organisation – a truly ‘great place to work for everyone'. We champion the career development, career progression and retention of all our employees. We have and are supporting and encouraging our people to establish a range of diversity networks and we try to ensure that a wide variety of voices can be heard at all levels of the organisation.

We have an equality, diversity and inclusion plan which focuses on practical steps to help us be even better and we continue to listen and learn. We know we have more to do and are committed to continuing to improve and grow.

Reporting of civil service and other compensation schemes – exit packages

2020-21 (2019-20 in brackets)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<£10,000	0 (0)	0 (0)	0 (0)
£10,000 - £25,000	0 (0)	0 (0)	0 (0)
£25,000 - £50,000	0 (0)	0 (1)	0 (1)
£50,000 - £100,000	0 (0)	1 (0)	1 (0)
Total number of exit packages	**0 (0)**	**1 (1)**	**1 (1)**
Total cost - £000	**0 (0)**	**85-90 (45-50)**	**85-90 (45-50)**

During 2020-21 redundancy and other departure costs of £85,000-£90,000 (2019-20: £45,000-£50,000) were paid to a single leaver. Exit costs were accounted for in the year of departure and the award was determined in accordance with the provisions of the Civil Service Compensation scheme, a statutory scheme made under the Superannuation Act 1972.

There have been no further compensation schemes accrued in either 2020-21 or 2019-20.

Reporting of high paid off-payroll appointments

Highly paid off-payroll worker engagements as at 31 March 2021, earning £245 per day or greater. Existing engagements as of 31 March 2021 the number was 6 of which, 4 have existed less than 1 year and 2 have existed between 1 and 2 years.

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2021, earning £245 per day or greater:

Number of off-payroll workers engaged during the year ended 31 March 2021 was 8. All 8 were not subject to off-payroll legislation. None were subject to off-payroll legislation and determined as in-scope of IR35 or subject to off-payroll legislation and determined as out-of-scope of IR35.

Number of engagements reassessed for compliance or assurance purposes during the year of which number of engagements that saw a change to IR35 status following the consistency review was not applicable.

The Coal Authority routinely performs checks on proposed roles, including HMRC's Employment Status Service tests, to determine IR35 status prior to any offer. Where these checks suggest that assurance as to income tax and national insurance obligations is required, contracts include the above mentioned clauses and assurance is requested from either the worker or the agent through whom they work.

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021:

Existing engagements as of 31 March 2021

Number of individuals that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year was 12. This figure includes both off-payroll and on-payroll engagements.

Consultancy expenditure for the year was £nil (2019-20: £nil).

Pay multiples

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

The banded remuneration of the highest paid director in the Coal Authority in the financial year 2020-21 was £155,000 to £160,000 (2019-20: £150,000 to £155,000). This was 37 times (2019-20: 3.7 times) the median remuneration of the workforce, which was £42,098 (2019-20: £40,738).

In 2020-21 and 2019-20, no employee received remuneration in excess of the highest paid director. Remuneration ranged from £17,565 to £160,000 (2019-20: £18,287 to £155,000).

Total remuneration includes salary, allowances and non-consolidated performance related pay. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions.

The figures for 2019-20 for Lisa Stanger include certain payments in lieu of notice. These do not form part of the calculations above, which are performed on an annualised basis.

Parliamentary accountability and audit report

As part of the accountability report, the Parliamentary accountability and audit report sets out those additional disclosures required by parliament, if not detailed elsewhere in the annual report and accounts, and contains the external audit report.

The following sections are subject to audit.

Regularity of expenditure: losses, special payments and gifts

There have been no material losses, special payments and/or gifts during 2020-21.

Fees and charges

The Coal Authority complies with the cost allocation and charging requirements set out in HM Treasury's Managing Public Money and the Office of Public Sector Information guidance.

The Coal Authority's most significant income streams, are explained below.

Commercial and Innovation operating segment includes the provision of mining reports which generated income of £7,906,000 (2019-20: £9,489,000), costs of £4,866,000 (2019-20: £5,905,000), and a surplus of £3,040,000 (2019-20: £3,584,000). Expenditure associated with specific programmes and activities is managed and reported under the operations segment, but relates to the enhancement of data and information. Mining reports services are charged at a commercial rate.

Commercial and Innovation includes the provision of advisory and technical services which generated income of £5,956,000 (2019- 20: £5,342,000), costs of £5,914,000 (2019-20: £5,120,000) and a surplus of £42,000 (2019- 20: £222,000). The financial objective for the provisions of advisory and technical services is either, full cost recovery including an allowance for overhead recovery when providing services across government, or commercial rates, which reflect the increased levels of risk, when providing services into competitive markets.

The proportions of income are 99.9% (2019- 20: 85.2%) as a result of full cost recovery and 0.1% (2019-20: 14.8%) from commercial rates, reflecting continued growth in services provided to our customers across government as we support them in the delivery of key programmes.

Development and Information includes the provision of data licensing and mining information which generated external income of £1,197,000 (2019-20: £994,000), internal recharges of £1,788,000 (2019-20 £2,178,000), costs of £4,532,000 (2019-20: £4,944,000) and a deficit of £1,547,000 (2019-20: £1,772,000). The financial objective for the provision of licensing and permissions services is full cost recovery plus an allowance for overhead recovery.

Development and Information includes the provision of licensing and permissions activities which generated income of £769,000 (2019- 20: £834,000), costs of £934,000 (2019-20: £926,000) and a deficit of £165,000 (2019-20: deficit of £92,000). The financial objective for the provision of licensing and permissions services is full cost recovery plus an allowance for overhead recovery.

Remote contingent liabilities

Remote contingent liabilities are not required to be disclosed under International Accounting Standard (IAS) 37, but are considered here for parliamentary reporting and accountability purposes. The Coal Authority believes that sufficient disclosure is available in note 16 to the accounts: Contingent Liabilities and in note 13 to the accounts: Provisions to give the reader a full understanding of the liabilities it faces and may face.

Going concern

This report has been created on the basis of the Coal Authority being a going concern as detailed in 1.3 of the notes to the accounts.

This accountability report has been approved by the chief executive and accounting officer.

Lisa Pinney MBE
Chief Executive and Accounting Officer
1 July 2021

The certificate and report of the comptroller and auditor general to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Coal Authority for the year ended 31 March 2021 under the Coal Industry Act 1994. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Coal Authority's affairs as at 31 March 2021 and of the Coal Authority's net expenditure for the year then ended;

- have been properly prepared in accordance with the Coal Industry Act 1994 and Secretary of State directions issued thereunder.

Emphasis of matter

I draw attention to the disclosures made in notes 1.20 and 13 of the financial statements concerning the uncertainties inherent in the likely costs in respect of the Coal Authority’s liabilities for Mine Water Treatment, Public Safety and Subsidence Claims and Subsidence Pumping Stations totalling £2,458.0 million. As set out in the notes, given the long-term nature of the liabilities, management have needed to make significant judgements in estimating the provision. My opinion is not modified in respect of this matter.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom’. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council’s Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Coal Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

The Coal Authority’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

The going concern basis of accounting for the Coal Authority is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Board and the Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Coal Industry Act 1994; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Board and the Accounting Officer determines is necessary to enable the

preparation of financial statement to be free from material misstatement, whether due to fraud or error;

- assessing the Coal Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer anticipates that the services provided by the Coal Authority will not continue to be provided in the future.

Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Coal Authority Act 1994.

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

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

My procedures included the following:

- Inquiring of management, the Coal Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Coal Authority's policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Coal Authority's controls relating to the Coal Industry Act 1994 and Managing Public Money.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- obtaining an understanding of the Coal Authority's framework of authority as well as other legal and

regulatory frameworks that the Coal Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Coal Authority. The key laws and regulations I considered in this context included Coal Industry Act 1994, Managing Public Money, Employment Law, and tax Legislation

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Risk Assurance committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- in response to the risk of fraud in revenue recognition, performing specific procedures to gain assurance over the adequacy of controls that Coal Authority have in place, as well as specific tests of cut-off and estimated accrued income balances at year end.

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

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

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date: 13 July 2021

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

Financial statements

Statement of Comprehensive Net Expenditure year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Revenue from contracts with customers	4	15,986	16,777
Other operating income	4	879	1,504
Total operating income	4	**16,865**	**18,281**
Staff costs	3	(15,813)	(15,056)
Purchase of goods and services	3	(8,446)	(8,953)
Depreciation, revaluation and impairment charges	3	(9,406)	(14,965)
Operating expenditure before provision movement		**(33,665)**	**(38,974)**
Provisions movement	3	(244,003)	(27,316)
Total operating expenditure	3	**(277,668)**	**(66,290)**
Net operating income/(expenditure)		**(260,803)**	**(48,009)**
Finance expense		(3)	(9)
Net income/(expenditure) for the year		**(260,806)**	**(48,018)**
Other comprehensive net expenditure			
Net (loss)/gain on revaluation of Property, plant and equipment	6	(142)	55
Comprehensive net income/(expenditure) for the year		**(260,948)**	**(47,963)**

The Statement of Comprehensive Net Expenditure and supporting Notes to the Accounts have been prepared and presented in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury.

Notes 1-19 form part of these accounts.

Statement of Financial Position as at 31 March 2021

	Note	2021 £000	2020 £000
Non-current assets:			
Property, plant and equipment	6	12,997	9,064
Investment property	7	191	330
Intangible assets	8	2,339	2,095
Total non-current assets		**15,527**	**11,489**
Current assets:			
Assets classified as held for sale	9	732	1,015
Trade and other receivables	10	3,757	3,404
Cash and cash equivalents	11	10,834	5,108
Total current assets		**15,323**	**9,527**
Total assets		**30,850**	**21,016**
Current liabilities:			
Trade and other payables	12	(18,080)	(13,581)
Provisions	13	(39,073)	(33,292)
Total current liabilities		**(57,153)**	**(46,873)**
Total assets less current liabilities		**(26,303)**	**(25,857)**
Non-current liabilities:			
Other payables	12	(3,709)	(4,456)
Provisions	13	(2,489,927)	(2,272,708)
Total non-current liabilities		**(2,493,636)**	**(2,277,164)**
Net liabilities		**(2,519,939)**	**(2,303,021)**
Taxpayers' equity and reserves:			
General fund		(2,520,006)	(2,303,371)
Revaluation reserve		67	350
Total taxpayers' equity and reserves		**(2,519,939)**	**(2,303,021)**

The financial statements were approved and authorised by the board and signed on its behalf by:

Lisa Pinney MBE
Chief Executive and Accounting Officer
1 July 2021

Notes 1-19 form part of these accounts.

Statement of Cash Flows year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Cash flows from operating activities:			
Net income/(expenditure) for the year		(260,806)	(48,018)
Adjustments for non-cash transactions:			
Depreciation, amortisation and revaluation of non-current assets	3	9,343	14,965
Profit on disposal of Property, plant and equipment and Investment properties	4	(557)	(1,099)
Loss on disposal of Property, plant and equipment	3	64	-
(Increase)/decrease in trade and other receivables		(326)	353
Increase/(decrease) in trade and other payables		1,393	(298)
Increase in provisions	3	223,000	9,000
Net cash outflow from operating activities		**(27,889)**	**(25,097)**
Cash flows from investing activities:			
Purchase of non-financial assets:			
Purchase of Property, plant and equipment		(10,304)	(11,231)
Purchase of Intangible assets		(1,076)	(458)
Proceeds from disposal of non-financial assets:			
Proceeds from sale of Property, plant and equipment		884	1,099
Net cash outflow from investing activities		**(10,496)**	**(10,590)**
Net cash outflow from activities		**(38,385)**	**(35,687)**
Cash flows from financing activities:			
Grant in aid from BEIS		44,111	34,795
Net financing		**44,111**	**34,795**
Net increase/(decrease) in cash and cash equivalents		**5,726**	**(892)**
Cash and cash equivalents at the beginning of the period		**5,108**	**6,000**
Cash and cash equivalents at the end of the period		**10,834**	**5,108**

Notes 1-19 form part of these accounts.

Statement of Changes in Taxpayers' Equity year ended 31 March 2021

	General fund £000	Revaluation reserve £000	Total reserves £000
Balance at 1 April 2019	**(2,289,805)**	**300**	**(2,289,505)**
Changes in taxpayers' equity for 2019-20			
Grant in aid from BEIS - capital	10,515	-	10,515
Grant in aid from BEIS - revenue	24,280	-	24,280
Transfers between reserves	5	(5)	-
Net gain on revaluation of fixed assets	(55)	55	-
Disposal of Investment property (amounts payable to Consolidated Fund)	(293)	-	(293)
Comprehensive income/(expenditure) for the year	(48,018)	-	(48,018)
Balance at 31 March 2020	**(2,303,371)**	**350**	**(2,303,021)**
Changes in taxpayers' equity for 2020-21			
Grant in aid from BEIS - capital	13,715	-	13,715
Grant in aid from BEIS - revenue	30,396	-	30,396
Transfers between reserves	4	(4)	-
Net loss on revaluation of fixed assets	-	(142)	(142)
Transfer of Revaluation reserve to General fund on disposal of assets	137	(137)	-
Disposal of Investment property (amounts payable to Consolidated Fund)	(81)	-	(81)
Comprehensive income/(expenditure) for the year	(260,806)	-	(260,806)
Balance at 31 March 2021	**(2,520,006)**	**67**	**(2,519,939)**

Notes 1-19 form part of these accounts.

Notes to the Accounts year ended 31 March 2021

1. Statement of accounting policies

1.1 Basis of preparation

The Coal Authority is an executive non-departmental public body (NDPB) established under the Coal Industry Act 1994 and is sponsored by the Department for Business, Energy and Industrial Strategy (BEIS). Under paragraph 15(1)(b) of Schedule 1 of the Act the Coal Authority is required to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction, as determined by the Secretary of State, with the consent of HM Treasury.

These financial statements have been prepared in accordance with the 2020-21 government Financial Reporting Manual (FReM), and addendum, issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Coal Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of investments, Property, plant and equipment and Intangible assets.

1.3 Going concern

The Statement of Financial Position at 31 March 2021 shows net liabilities of £2,519.9 million. This reflects the inclusion of expenditure for liabilities falling due in future years, which cover periods of 50 and 100 years into the future. To the extent that they are not met from other sources of income, they may only be met by future grants or grants in aid from our sponsoring department, BEIS. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Paragraph 14(1) of Schedule 1 to the Coal Industry Act 1994 states:

‘The Secretary of State shall, in respect of each accounting year, pay to the Coal Authority such amount as he may determine to be the amount required by the Coal Authority for the carrying out during that year of its functions under this Act.’

On that basis, the board has a reasonable expectation that we will continue to receive funding so as to be able to meet our liabilities. The Coal Authority has therefore prepared its accounts on a going concern basis.

1.4 Grant in aid

Grant in aid is paid to the Coal Authority on an annual basis to cover the net cash revenue and capital requirements in the year. Grant in aid utilised in the settlement of its statutory and other obligations is credited to the general reserve in the year in which it is received because it is regarded as a contribution from a controlling party which gives rise to a financial interest in the Coal Authority.

1.5 Revenue from contracts with customers and other operating income

Revenue from contracts with customers

Income represents the amounts, exclusive of VAT, arising from leases/licences and invoiced sales of goods and services from contracts with customers.

Income is measured at the fair value of the consideration received or receivable and is recognised in the Statement of Comprehensive Net Expenditure, following performance of contractual obligations by the Coal Authority, where amounts can be reliably measured and it is probable that the economic benefits will flow to the Coal Authority. Where this applies to services income, the amount recognised will be dependent upon the stage of completion.

Income received in advance of discharging contractual obligations is held on the Statement of Financial Position, and is released to the Statement of Comprehensive Net Expenditure as contractual obligations are fulfilled.

Operating lease income

Lease income from head office freehold property is accounted for in equal annual amounts and recognised either over the term of the lease, or to a date where a break clause may be applied, whichever is the earliest.

Consolidated fund income

Income collected under statute in relation to licensing activities is surrendered to the government as consolidated fund income when received, other than the element retained to finance licensing activities as a cost of collection.

The Coal Authority is deemed to be acting in the capacity of an agent and these income streams therefore fall outside of normal operating activities and are not reported through the Statement of Comprehensive Net Expenditure, but disclosed separately within the Notes to the Accounts.

Royalties and mining income are recognised on an accruals basis, relating to the period in which the income is earned, and following receipt of amounts owed cash payments are made to the consolidated fund.

1.6 Staff costs

Under IAS 19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of the untaken leave has been determined using data from electronic leave records.

1.7 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is an unfunded multi-employer defined benefit scheme. The Coal Authority recognises the expected cost of providing pensions on a systematic and rational basis, over the period during which it benefits from employees’ services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and is not the responsibility of the Coal Authority. The costs of all employer pension contributions are charged to the Statement of Comprehensive Net Expenditure when incurred.

1.8 Operating lease expenditure

Rentals are charged to the Statement of Comprehensive Net Expenditure in equal annual amounts over the lease term.

1.9 Research and development

Research

Expenditure is recognised as an expense in the period in which it is incurred.

Development

Expenditure is capitalised as an internally generated intangible asset only if the criteria of IAS 38 are met. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

1.10 Taxation

VAT

The Coal Authority is involved in a number of statutory obligations and these are outside the scope of output VAT. The Coal Authority also makes exempt supplies relating to property lettings. Output VAT is charged on all other fee paying services. Where output VAT is charged, income is stated net of VAT.

No input VAT is recoverable where this can be directly attributable to a statutory function. A partial exemption calculation is performed on the recovery of input VAT for overhead departmental costs which carry out duties for both statutory and exempt functions.

Irrecoverable input VAT is charged to the relevant expenditure category.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Net Expenditure, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.11 Assets and liabilities inherited from the British Coal Corporation

Various assets and liabilities were transferred from the British Coal Corporation under a number of restructuring schemes made by the then Secretary of State for Trade and Industry pursuant to Section 12 of the Coal Industry Act 1994. The assets and liabilities included in these restructuring schemes were originally transferred into the Coal Authority's accounts at their net book values, as previously stated in the financial statements of the British Coal Corporation, under the accounting policies adopted by the Coal Authority.

1.12 Property, plant and equipment

Assets are capitalised as property, plant and equipment if they are intended for use on a continuing basis and their original purchase cost, on an individual or group basis, is £2,000 or more.

Property

Freehold land and buildings relate to the Coal Authority’s head office and operational properties and are carried at fair value based on existing use, with external professional valuations undertaken biennially.

In addition, the Coal Authority owns a number of shafts that access abandoned mines. These are used in the monitoring of underground movements in water and gases. As there is no open market on which to base a valuation, these are held at nil value.

Non-property: - Information technology, plant and machinery and furniture and fittings

In accordance with the FReM, the option has been taken to value these assets on a depreciated historical cost basis over the assets’ remaining service potential as a proxy to fair value, where assets have short useful economic lives or are of low value, or both.

At each reporting date the Coal Authority reviews asset carrying amounts, for both residual values and useful economic lives, to determine whether there is any indication that an impairment loss has been suffered.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount, where the recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Assets under construction are valued at cost.

Mine water treatment schemes and subsidence pumping stations

Operational schemes relating to coal are held at nil value on the Statement of Financial Position. The cost of building these schemes has been provided for in previous periods as these assets are commissioned to resolve legacy mining issues, for which the benefits have previously been received.

Costs incurred in the design, build, refurbishment and bringing the assets into working condition for their intended operational use are capitalised following completion of a feasibility study and gateway review. When the assets are brought into operational use, the carrying values are subject to an impairment review and are impaired to nil value, with the loss being recognised through the Statement of Comprehensive Net Expenditure.

Schemes that relate to metal mining activity are reviewed on an individual basis in accordance with the guidance provided under IAS 16 Property Plant and Equipment and other relevant standards. This review will be completed in conjunction with reference to the underlying contractual agreement in place with third parties.

Decommissioning costs are not provided for on the basis that the mine water schemes and subsidence pumping stations will continue to operate in perpetuity.

Assets under construction are valued at cost.

1.13 Depreciation

Property, plant and equipment assets are depreciated at rates calculated to write them down to their estimated residual value on a straight line basis over their estimated useful economic lives.

The rates of depreciation are as follows:

Freehold land	not depreciated
Long leasehold land	not depreciated
Operational properties	50 years
Freehold buildings	50 years
Information technology	3 to 5 years
Plant and machinery	3 to 5 years
Furniture and fittings	5 to 10 years

Assets under construction are not depreciated until they are brought into operational use.

1.14 Investment properties

The Coal Authority holds a number of properties and is undertaking a rolling disposal programme, the timing of which is dependent on property market conditions. These have been classified as Investment properties and are not depreciated in accordance with IAS 40, but may be impaired or revalued to provide a carrying value at their estimated fair value.

Full valuations by external chartered surveyors are undertaken by means of a rolling programme over 5 years. A desk top review is undertaken by in-house chartered surveyors on those properties that have not been subject to a full external valuation during the year.

Gains and losses arising from changes in fair value of investment property are recognised in the Statement of Comprehensive Net Expenditure.

Investment properties identified as held for sale are disclosed where conditions established under IFRS 5 have been met.

1.15 Intangible assets

Expenditure on intangible assets consists of bespoke software development and other software licences and is capitalised where the cost is £2,000 or more.

Bespoke software development expenditure is either as a result of an external cost of development or as a result of work undertaken by the Coal Authority’s internal resources. Internal resource costs are only capitalised for detail design and implementation phases of the software development, using salary and associated payroll costs.

Intangible assets are reviewed annually for impairment and are carried at modified historic cost as a proxy for fair value.

Software licences and bespoke software are amortised on a straight line basis between 2-5 years over their estimated useful economic lives.

The mining records database was revalued upon transfer from the British Coal Corporation and is held at a nil value, being fully depreciated replacement cost.

1.16 Financial instruments

The Coal Authority does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables, as disclosed within Notes 10 and 12 to the Accounts.

Trade receivables, financial and other current assets are recognised initially at fair value and carried net of any provision for impairment, following customer level risk assessments and consideration of wider economic factors. A provision for impairment is made to recognise expected credit losses and when there is evidence that the Coal Authority will be unable to collect an amount due.

1.17 Security fund payables

Trade payables and other current liabilities include security fund payables. Licensees of mining operations are required to provide security to the Coal Authority to cover the potential future costs of settling subsidence damage liabilities within their areas of responsibility. One mechanism for providing security is by means of cash deposit. If the licensees fulfil their obligations, the deposits are returned, together with interest accrued under the terms of the lease/licence.

Deposits received are credited to security fund payables in order to recognise the Coal Authority’s liability to the licensees. Repayments of deposits or the costs of making mining properties secure on default of the licensee are provided from the grant in aid received.

Interest payable on deposits is charged to the Statement of Comprehensive Net Expenditure as it accrues.

The security fund payable is reduced by security costs incurred each year or when repayments are made to the licensee.

Other forms of security may include guarantee bonds in favour of the Coal Authority, escrow accounts, or charges over land. These arrangements do not give rise to any entries in the Coal Authority’s financial statements.

1.18 Provisions

The Coal Authority is responsible for dealing with liabilities relating to its ownership of abandoned coal mines. These include preventing and remediating mine water pollution, settling subsidence claims, making safe surface hazards, managing tips, rehabilitating opencast sites and dealing with closed colliery sites and spoil heaps.

Provisions are recognised when the Coal Authority has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle that obligation.

Provisions are made for the external costs of managing the Coal Authority’s obligations. Internal costs are not provided for.

Where the time value of money is material, the Coal Authority applies Consumer Price Index inflation rates to external costs and then discounts each provision to its present value using the nominal discount rates as specified annually by HM Treasury. These rates are disclosed within Note 13 to the Accounts.

Each year the Statement of Comprehensive Net Expenditure includes the borrowing costs of provisions, being the adjustments to unwind 1 year’s discount so that liabilities are shown at current day price levels.

Provisions are utilised against the Statement of Comprehensive Net Expenditure or against Property, plant and equipment in the Statement of Financial Position as expenditure is incurred.

Significant Public Safety incidents are kept under review. Provisions will be released and an accrual recognised when the Coal Authority has a present obligation as a result of a past event, where there is certainty over the measurement of the obligation and that an outflow of economic benefits will be required to settle that obligation.

Specific provision periods have been established as follows:

Mine water treatment schemes	100 years
Subsidence pumping stations	100 years
Public safety and subsidence	50 years
Tip management	50 years

Provisions are calculated on the basis of scientific evidence, data and experience. Judgements are then made on the most relevant timescale for the provision, taking account of uncertainties and relevance to the users of the financial statements. When the Coal Authority moves into the following financial year, a further year is added to the provision, in the absence of data suggesting a discernible change in the assumptions underpinning the existing judgement.

Provisions are reviewed annually at the year end to ensure all obligations and work programmes have been provided for.

1.19 Contingent assets and liabilities

In addition to contingent liabilities or assets disclosed in accordance with IAS 37, the Coal Authority discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to parliament in accordance with the requirements of HM Treasury's Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to parliament.

1.20 Accounting judgements, estimates and assumptions

In relation to provisions, to the extent that it is sometimes impracticable to ascertain and disclose the full extent of the possible effects of assumptions or management estimates at the end of a reporting period, based on the best existing knowledge at the time, it is reasonably possible that outcomes for the next accounting period could require material adjustments to the provisions balance of £2,529.0 million as at 31 March 2021.

Provisions balances in Note 13 are calculated over timescales which are supported by reasonable evidence. These liabilities may extend beyond stated periods, therefore management judgement has been taken to restrict the number of years to 100 for mine water treatment and subsidence pumping, reflecting the absence of a precise estimate of the timeline for the liabilities and that an infinite provision would not be relevant to the decisions being made by the users of the financial statements.

Other than in the review and calculation of provisions, no material accounting judgements, estimates or assumptions were made by the Coal Authority in preparing these accounts.

1.21 New standards, amendments and interpretations not yet effective

The following standards were in issue but not yet effective and have not been adopted in these financial statements:

IFRS 16 “Leases”

Eliminates the distinction between operating and finance leases, as a lessee, and imposes a single model geared towards the recognition of all but low value or short term leases. There is no change in relation to the treatment of operating and finance leases as a lessor.

HM Treasury have issued implementation guidance covering adaptation and transition arrangements in application of the standard. As a result of COVID-19, HM Treasury have deferred the implementation for a second year and this will now be introduced to the

FReM from 2022-23, effective from 1 April 2022, but have provided the option to elect to early adopt.

The Coal Authority has elected to early adopt from 2021-22, effective from 1 April 2021.

The implementation of the new standard will result in the recognition of leases on the Statement of Financial Position, measured at the present value of future lease payments;

- ‘Right of use’ assets, which will be subject to annual depreciation over the term of the lease and impairment assessments, related to any onerous lease obligations, charged to the Statement of Comprehensive Net Expenditure.

- Liabilities for the cash flow commitments associated with future payments and whereby interest charges (based on HM Treasury specified borrowing rates) will be expended through the Statement of Comprehensive Net Expenditure.

Exemptions as provided by the FReM will be adopted, whereby short-term (less than 12 months) and low value (less than £2,000) leases will be excluded from recognition.

As a consequence of establishing lease liabilities, the Coal Authority’s provisions balances will also be adjusted to remove cash flows for future operating expenses associated with leases.

As mandated by the FReM, adoption of the new standard will be on a cumulative catchup basis, with the impact on previous years’ accounts being recognised within taxpayers’ equity at the beginning of the period.

The impact of the new standard on the financial statements for 2021-22 have been assessed as follows:

Statement of Financial Position - Opening balances

- Right of use assets £13.8 million (impaired following onerous lease assessment).
- Lease liabilities £18.9 million.
- Reduction to provisions liabilities £18.9 million.
- Increase in Taxpayers' Equity £13.8 million.

The right of use assets balance has been impaired following an onerous lease assessment in respect of a former colliery site, which form no part of the Coal Authority's ongoing operations.

Lease liabilities incorporate the cash flows for operating leases as disclosed in Note 15 to the Accounts, adjusted for exempt items mentioned above and following application of HMT-specified inflation and borrowing rates.

Statement of Comprehensive Net Expenditure

- Depreciation – right of use assets £0.3 million.
- Interest expense £0.3 million.

Expenditure associated with leases on the current recognition basis have been assessed at £0.5 million, with the difference attributable to the 'front loading' of interest charges.

IFRS17 “Insurance Contracts”

Provides a more standardised approach to accounting for insurance contracts, setting clearer expectations for recognition, classification and measurement of assets and liabilities in relation to insurance contracts issued and reinsurance contracts issued or held.

HM Treasury are consulting on the public sector interpretation of the standard, prior to adapting for the FReM, having already identified the practice of ‘self-insurance’ across the public sector as an area that will need to be considered. The standard is expected to be introduced to the FReM from 2023-24, effective from 1 April 2023.

The impact of the new standard will be considered further when implementation guidance has been developed and made available by HM Treasury, although at this stage it is considered that there will be no material impact on our accounts.

2. Statement of operating expenditure by operating segments

The following analysis by operating segment of gross expenditure, income, net (income)/ expenditure and total assets is stated below in accordance with IFRS 8.

2020-21	**Development & Information £000**	**Operations £000**	**Commercial & Innovation £000**	**Total £000**
Expenditure incurred during the year before internal recharges	8,008	28,639	9,831	46,478
Internal recharges for data and services	(1,788)	-	1,788	-
Expenditure incurred during the year	6,220	28,639	11,619	46,478
Impairments	-	8,193	-	8,193
Less provision utilised	(1,230)	(19,773)	-	(21,003)
Adjustment to provisions	3,230	240,773	-	244,003
Gross expenditure	**8,220**	**257,832**	**11,619**	**277,671**
Income	**(2,741)**	**(172)**	**(13,952)**	**(16,865)**
Net (income)/ expenditure	**5,479**	**257,660**	**(2,333)**	**260,806**
Total assets	**6,039**	**19,098**	**5,713**	**30,850**
Memo: net (income)/ expenditure excluding provisions movements	3,479	36,660	(2,333)	37,806

2019-20	Development & Information £000	Operations £000	Commercial & Innovation £000	Total £000
Expenditure incurred during the year before internal recharges	7,424	26,156	9,969	43,549
Internal recharges for data and services	(2,178)	-	2,178	-
Expenditure incurred during the year	5,246	26,156	12,147	43,549
Impairments	-	13,750	-	13,750
Less provision utilised	(301)	(18,015)	-	(18,316)
Adjustment to provisions	7,301	20,015	-	27,316
Gross expenditure	**12,246**	**41,906**	**12,147**	**66,299**
Income	**(3,110)**	**(244)**	**(14,927)**	**(18,281)**
Net (income)/ expenditure	**9,136**	**41,662**	**(2,780)**	**48,018**
Total assets	**3,647**	**13,721**	**3,648**	**21,016**
Memo: net (income)/ expenditure excluding provisions movements	2,136	39,662	(2,780)	39,018

Segmental analysis

The reported segments as analysed above are consistent with the Coal Authority's organisational structure, directors' responsibilities and the management information used by the Coal Authority's management team for the period reported.

Further information in relation to average number of persons employed, by segment, can be found in the Remuneration and staff report and fees and charges can be found in the Parliamentary accountability and audit report.

Development and information

Development and information provides data, information and expertise to help people make informed decisions.

Development manages our property and mineral estate. It provides planning advice to local authorities, coal mining licenses to operators, and permission, through a permit and indemnity process, to enter or intersect coal. Income from licensing and permissions indemnities provide the funding for these activities, which are charged at cost, plus an allowance for overhead recovery. Income from property and estate management is derived from operating lease rental income and profits on the disposal of property, including clawback arrangements.

Information includes the licensing and provision of mining information, as well as follow on support with its interpretation. Information is provided both internally and to external customers and charged at cost, plus an allowance for overhead recovery.

Operations

Operations includes environmental programmes (mine water and subsidence pumping stations) that protect and enhance the environment and public safety and subsidence work (claims, hazards, mine entry inspections and tip management) that keep people safe and provide peace of mind. Income includes management fees, charged against UK Coal security funds, associated with discharging public safety liabilities during the year.

Commercial and innovation

Commercial and innovation activities create value and minimise cost to the taxpayer.

Commercial income is derived from the provision of mining reports, which are charged at commercial rates, and, advisory and technical services which are charged at either cost recovery, plus an allowance for overhead recovery, or at commercial rates. Advisory and technical services include the provision of metal mine water treatment programmes for the Department for Environment, Food & Rural Affairs (Defra) in England and Natural Resources Wales (NRW), supporting Welsh Government with the safe management of tips, and supporting national infrastructure projects and local authorities in managing the risks associated with mining.

Innovation activities are focused on efficiency and net cost reduction, as well as providing income streams from ochre sales and providing power to the national grid, both as a by-product of the Coal Authority’s coal mine water treatment activities.

MDA Hub Limited (for the provision of mining reports) and Defra (for the provision of advisory and technical services, relating to the delivery of an ongoing metal mine water treatment programme) provided income streams of greater than 10% of the revenue from contracts with customers in both financial years. The directors do not consider reliance on either of these customers to pose a significant risk to the Coal Authority's operations.

Analysis of operating income by segment

2020-21	Development & Information	Operations	Commercial & Innovation	Total
	£000	£000	£000	£000
Mining reports	-	-	7,906	**7,906**
Advisory and technical services	-	-	5,956	**5,956**
Data licensing and mining information	1,197	-	-	**1,197**
Licensing and permissions indemnities	769	-	-	**769**
By-products	-	-	52	**52**
Other income	106	-	-	**106**
Revenue from contracts with customers	**2,072**	**-**	**13,914**	**15,986**
Profit on disposal of Property, plant and equipment and Investment properties	557	-	-	**557**
Rental income	112	78	38	**228**
Public safety management fee	-	80	-	**80**
Other income	-	14	-	**14**
Other operating income	**669**	**172**	**38**	**879**
Total operating income	**2,741**	**172**	**13,952**	**16,865**

2019-20	Development & Information	Operations	Commercial & Innovation	Total
	£000	£000	£000	£000
Mining reports	-	-	9,489	**9,489**
Advisory and technical services	-	-	5,342	**5,342**
Data licensing and mining information	994	-	-	**994**
Licensing and permissions indemnities	834	-	-	**834**
By-products	-	-	59	**59**
Other income	59	-	-	**59**
Revenue from contracts with customers	**1,887**	**-**	**14,890**	**16,777**
Profit on disposal of Property, plant and equipment and Investment properties	1,099	-	-	**1,099**
Rental income	124	73	37	**234**
Public safety management fee	-	146	-	**146**
Other income	-	25	-	**25**
Other operating income	**1,223**	**244**	**37**	**1,504**
Total operating income	**3,110**	**244**	**14,927**	**18,281**

3. Expenditure

	Note	£000	2020-21 £000	£000	2019-20 £000
Staff costs:					
Wages and salaries		11,014		10,904	
Social security costs		1,207		1,147	
Other pension costs		2,819		2,687	
Agency staff costs		773		318	
Sub-total			**15,813**		**15,056**
Purchase of goods and services:					
Operating leases					
Equipment		160		182	
Land and buildings		131		162	
			291		344
Goods and services					
Expenditure incurred during the year		28,552		25,951	
Less provision utilised	13	(21,003)		(18,316)	
			7,549		7,635
Research and development expenditure		437		532	
Auditors' remuneration and expenses		65		55	
Travel and subsistence		104		387	
			606		974
Sub-total			**8,446**		**8,953**
Depreciation, revaluation and impairment charges:					
Depreciation and amortisation					
Property, plant and equipment	6	594		538	
Intangibles	8	880		832	
			1,474		1,370
Revaluation					
Property, plant and equipment	6	63		(2)	
Investment properties	7	(348)		(153)	
Assets held for sale	9	(40)		-	
			(325)		(155)
Impairments					
Property, plant and equipment	6	8,193		13,749	
Intangibles	8	-		1	
			8,193		13,750

	Note	£000	2020-21 £000	£000	2019-20 £000
Loss on disposal of assets:					
Property, plant and equipment	6		64		-
Sub-total			**9,406**		**14,965**
Provisions movement:					
Other provisions movements	13	218,320		81,814	
Borrowing costs of provisions (unwinding of discount)	13	40,683		41,502	
Discount rate changes	13	(15,000)		(96,000)	
Sub-total			**244,003**		**27,316**
Total operating expenditure			**277,668**		**66,290**

Staff and related costs of £462,000 were charged to capital projects during 2020-21 (2019-20: £257,000). Other staff and related disclosures are included in the staff and remuneration report within the accountability report.

Staff costs include 1 exit package (2019-20: 1 exit package). Further information is available in the Exit packages disclosure in the Remuneration and staff report.

No auditors' remuneration and expenses have been incurred for professional fees associated with non-audit work during either 2020-21 or 2019-20.

Detailed information on provisions and provisions movements is provided in Note 13 to the Accounts.

4. Income

4.1 Revenue from contracts with customers

	2020-21 £000	2019-20 £000
Mining reports	7,906	9,489
Advisory and technical services	5,956	5,342
Data licensing and mining information	1,197	994
Licensing and permissions indemnities	769	834
By-products	52	59
Other income	106	59
Revenue from contracts with customers	**15,986**	**16,777**

Income is recognised in line with IFRS 15 – Revenue from contracts with customers.

Mining reports, licensing and permissions indemnities, data licensing and mining information, and by-products income is recognised when performance obligations are satisfied at a point in time.

Advisory and technical services income is recognised as performance obligations are satisfied over time.

No assets are recognised from costs to obtain or fulfil a contract with a customer, and no significant judgements have been made in determining the satisfaction of performance obligations or in determining and allocating the transaction price to performance obligations.

Further information is provided on products and services in Note 2 to the Accounts and Fees and charges in the Parliamentary accountability and audit report.

4.2 Other operating income

	2020-21 £000	2019-20 £000
Profit on disposal of Property, plant and equipment and Investment properties (detailed in table below)	557	1,099
Rental income	228	234
Public safety management fee	80	146
Other income	14	25
Other operating income	**879**	**1,504**

Rental income relates to operating lease income from property.

The public safety management fee relates to charges made against the security fund as the liabilities are discharged during the year. Further information on the security fund is provided in Note 12 to the Accounts and accounting policy Note 1.17 to the Accounts.

	2020-21 £000	2019-20 £000
Profit on disposal of Property, plant and equipment and Investment properties:		
Proceeds from clawback on sale of land	557	1,090
Proceeds from sale of Investment properties	-	9
Total proceeds	557	1,099
Fair value of Investment properties	-	-
Total	**557**	**1,099**

Where the British Coal Corporation or the Coal Authority's sale agreements, in the disposal of land, include provisions for restrictive covenants or clawback, proceeds are received at a future date when these provisions have been satisfied. This could include the removal of a restrictive covenant or following development of the land, recognising the Coal Authority's share of the increased value.

Further information is provided on products and services in Note 2 to the Accounts and Fees and charges in the Parliamentary accountability and audit report.

4.3 Consolidated fund income

The Coal Authority acts as an agent on behalf of the consolidated fund (HM Treasury). Cash collected and payable to the consolidated fund is reduced to cover the Coal Authority's cost of collection. This income adjustment is included within licensing and permissions indemnities income within Note 4.1 to the Accounts.

	£000	2020-21 £000	£000	2019-20 £000
Production related rent (gross)	196		346	
Cost of collection	(15)		(25)	
Expected credit losses	-		50	
Production related rent (net)		181		371
Incidental coal (gross and net)		-		2
Options for lease		18		9
Property sale proceeds		258		418
Income payable to the consolidated fund		**457**		**800**

	2020-21 £000	2019-20 £000
Balances held at start of year	**472**	**53**
Income payable to the consolidated fund	457	800
Payments made to the consolidated fund	(911)	(381)
Balances held at end of year	**18**	**472**

Production related rent is earned on each tonne of coal extracted from existing operating coal mining sites.

Incidental coal is royalty income from other sites where coal production is incidental to the main purpose of the activity being carried out.

Options for lease for future coal mining sites are granted in the form of a conditional licence and option for lease for the coal. Income is recognised on the granting of the option. The site cannot become operational until certain conditions (for example,
planning consent) have been met and payments are made annually based on the area of the option.

Property sale proceeds are recognised as consolidated fund income where the initial purchase was made from grant in aid in previous periods. Income is recognised following the exchange of contracts and on completion of the sale of property.

Cost of collection relates to the element of income retained to finance licensing activities. Expected credit losses relate to amounts owed that have been assessed as unrecoverable.

Balances held at end of year represent amounts still to be remitted to the consolidated fund.

Consolidated fund payments amounted to £911,000 (2019-20: £381,000), being cash collections of £472,000 (2019-20: £53,000) relating to prior year and £439,000 (2019-20: £328,000) relating to current year.

5. Taxation

	2020-21 £000	2019-20 £000
Current tax	-	-
Deferred tax	-	-

Corporation tax is calculated at 19% (2019-20: 19%) of the estimated assessable profit for the year.

The charge can be reconciled to the Statement of Comprehensive Net Expenditure as follows.

	2020-21 £000	2019-20 £000
Net income/(expenditure) for the year	(260,806)	(48,018)
Tax at the UK corporation tax rate of 19% (2019-20: 19%)	(49,553)	(9,123)
Tax effect of expenses that are not deductible in determining taxable profit	1,759	2,790
Tax effect of temporary differences on Property, plant and equipment not recognised	(63)	(140)
Tax effect of losses created/(utilised) in the period not recognised	1,915	3,628
Tax effect of temporary differences on provisions not recognised	42,382	1,712
Tax effect of grant in aid finance for revenue purposes	3,560	1,133
Tax expense for the year	-	-

The following are the major deferred tax (assets)/liabilities:

	Recognised at 31 March		Unrecognised at 31 March	
	2021 £000	2020 £000	2021 £000	2020 £000
Tax losses	-	-	(14,262)	(12,347)
Provisions	-	-	(480,565)	(438,184)
Property, plant and equipment	-	-	(5,328)	(5,430)
Revaluation of assets	-	-	-	-
Total	**-**	**-**	**(500,155)**	**(455,961)**

No deferred tax asset has been recognised on excess carried forward tax losses due to the unpredictability of future profit streams against which the unused losses can be offset. The losses may be carried forward indefinitely.

Deferred tax has also not been recognised in respect of temporary differences arising on taxed reserves. Reserves totaling £2,529.0 million at 31 March 2021 will be deductible when the expenditure is charged against the provision in later periods.

The deferred tax balances not recognized have been calculated using the 19% corporation tax rate. The government announced that the corporation tax rate will increase to 25%, effective 1 April 2023.

6. Property, plant and equipment

	Land	Buildings	Information technology	Plant and machinery	Furniture and fittings	Mine water schemes	Subsidence pumping stations	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2020	4,362	2,737	6,215	1,579	600	109,567	16,721	1,161	142,942
Additions	2,371	486	199	404	143	7,214	445	1,329	12,591
Reclassifications	1,340	(1,263)	-	38	26	63	142	(346)	-
Disposals	-	-	(169)	(225)	(54)	-	-	-	(448)
Transfer from assets held for sale	-	398	-	-	-	-	-	-	398
Revaluations	-	(399)	-	-	-	-	-	-	(399)
At 31 March 2021	**8,073**	**1,959**	**6,245**	**1,796**	**715**	**116,844**	**17,308**	**2,144**	**155,084**
Depreciation									
At 1 April 2020	-	92	5,451	1,447	600	109,567	16,721	-	133,878
Charged in year	-	111	417	59	7	-	-	-	594
Disposals	-	-	(169)	(161)	(54)	-	-	-	(384)
Revaluations	-	(194)	-	-	-	-	-	-	(194)
Impairments	-	-	73	256	-	7,277	587	-	8,193
At 31 March 2021	**-**	**9**	**5,772**	**1,601**	**553**	**116,844**	**17,308**	**-**	**142,087**
Net book value at 31 March 2020	**4,362**	**2,645**	**764**	**132**	**-**	**-**	**-**	**1,161**	**9,064**
Net book value at 31 March 2021	**8,073**	**1,950**	**473**	**195**	**162**	**-**	**-**	**2,144**	**12,997**

The Coal Authority owns all of its assets and has no finance leases or Private Finance Initiative (PFI) contracts.

Valuations of head office land and buildings and properties that are held for operational purposes are undertaken on a biennial basis (Note 1.12 to the Accounts). Changes in valuation are reflected as appropriate in land and buildings.

A valuation was undertaken of the head office land and buildings as at 31 March 2021 by external Chartered Surveyors (Lambert Smith Hampton, a multi-disciplinary chartered surveying practice) in accordance with Royal Institution of Chartered Surveyors' guidelines. The valuation of £2,975,000 is reflected above, with the next valuation due to be undertaken in March 2023. A loss of £205,000 has been recognised through the Revaluation Reserve (£142,000) and in the Statement of Comprehensive Net Expenditure (£63,000).

The valuation of £2,975,000 comprises land at £1,415,000 and buildings at £1,560,000, resulting in a reclassification of £1,340,000. Previous valuations provided no split between land and buildings, with past valuations being applied only to buildings.

During the year, 2 properties previously classified as assets held for sale have been determined as required for operational purposes for an extended period, and therefore transferred back to Property, plant and equipment.

A valuation was undertaken of all properties held for operational purposes as at 31 March 2020 by external Chartered Surveyors (Valuation Office Agency – District Valuation Services) in accordance with Royal Institution of Chartered Surveyors' guidelines. The valuations totaling £398,000 are reflected above (current net book value of £389,000), with the next valuation due to be undertaken in March 2022.

Costs incurred in the development, construction or refurbishment of mine water schemes and subsidence pumping stations are recognised as assets under construction until such time that they are brought into operational use, whereby the assets are then subject to an impairment review and impaired to nil with a charge being made to the Statement of Comprehensive Net Expenditure.

	Land	Buildings	Information technology	Plant and machinery	Furniture and fittings	Mine water schemes	Subsidence pumping stations	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2019	4,172	3,618	5,913	1,411	600	99,765	13,135	5,238	133,852
Additions	190	6	15	171	-	7,849	1,258	541	10,030
Reclassifications	-	17	305	-	-	1,953	2,343	(4,618)	-
Disposals	-	-	(18)	(3)	-	-	(15)	-	(36)
Transfer to assets held for sale	-	(924)	-	-	-	-	-	-	(924)
Revaluations	-	20	-	-	-	-	-	-	20
At 31 March 2020	**4,362**	**2,737**	**6,215**	**1,579**	**600**	**109,567**	**16,721**	**1,161**	**142,942**
Depreciation									
At 1 April 2019	-	18	5,084	1,062	600	99,765	13,135	-	119,664
Charged in year	-	111	385	42	-	-	-	-	538
Disposals	-	-	(18)	(3)	-	-	(15)	-	(36)
Revaluations	-	(37)	-	-	-	-	-	-	(37)
Impairments	-	-	-	346	-	9,802	3,601	-	13,749
At 31 March 2020	**-**	**92**	**5,451**	**1,447**	**600**	**109,567**	**16,721**	**-**	**133,878**
Net book value at 31 March 2019	**4,172**	**3,600**	**829**	**349**	**-**	**-**	**-**	**5,238**	**14,188**
Net book value at 31 March 2020	**4,362**	**2,645**	**764**	**132**	**-**	**-**	**-**	**1,161**	**9,064**

7. Investment properties

	2021 £000	2020 £000
Land		
Fair value at 1 April	330	542
Disposals	-	(293)
Transfer to Assets held for sale	(487)	(72)
Revaluations	348	153
Fair value at 31 March	**191**	**330**

The Coal Authority owns all of its investment properties and undertakes a 5 year rolling programme to ensure that all material investment properties are subject to an external valuation. 2020-21 is the fourth year of the current rolling programme.

All investment properties that have not been subject to an external valuation during the year have been subject to an internal valuation, undertaken by a suitably qualified Coal Authority property manager. Internal valuations have been established using appropriate property indices to reflect the movement in the property market over the previous year.

There are no material rental incomes or operating costs in respect of Investment properties.

8. Intangible assets

	Information technology £000	Software licences £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2020	19,777	1,405	247	21,429
Additions	138	-	986	1,124
Reclassifications	135	-	(135)	-
At 31 March 2021	**20,050**	**1,405**	**1,098**	**22,553**
Amortisation				
At 1 April 2020	17,985	1,349	-	19,334
Charged in year	860	20	-	880
Impairments	-	-	-	-
At 31 March 2021	**18,845**	**1,369**	**-**	**20,214**
Net book value at 31 March 2020	**1,792**	**56**	**247**	**2,095**
Net book value at 31 March 2021	**1,205**	**36**	**1,098**	**2,339**

The Coal Authority owns all of its intangible assets.

Information technology includes information systems developed in-house or by third parties and assets under construction consist predominantly of cost incurred in the further development of these information systems.

	Information technology £000	Software licences £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2019	19,406	1,366	172	20,944
Additions	210	39	236	485
Reclassifications	161	-	(161)	-
At 31 March 2020	**19,777**	**1,405**	**247**	**21,429**
Amortisation				
At 1 April 2019	17,167	1,334	-	18,501
Charged in year	817	15	-	832
Impairments	1	-	-	1
At 31 March 2020	**17,985**	**1,349**	**-**	**19,334**
Net book value at 31 March 2019	**2,239**	**32**	**172**	**2,443**
Net book value at 31 March 2020	**1,792**	**56**	**247**	**2,095**

9. Assets held for sale

Non-current assets held for sale

	Land £000	Buildings £000	Total £000
Fair Value at 1 April 2020	91	924	1,015
Transfers to Property, plant and equipment	-	(398)	(398)
Transfers from Investment properties	487	-	487
Disposals	(81)	(331)	(412)
Revaluations	40	-	40
Fair Value at 31 March 2021	**537**	**195**	**732**

Land comprises a number of packages previously held under Investment properties and subject to annual valuations (see Note 7 to the Accounts).

During the year 6 packages of land have been sold, with a further 6 transferred from Investment properties. 8 packages of land are scheduled for disposal during 2021-22.

Buildings comprise a specific regional property which was previously used for operational purposes to provide temporary accommodation to members of the public whose own properties had been affected as a result of past mining activities. Properties are identified for disposal when no longer required for operational purposes due to decreasing activity levels in the region. Proceeds from the sale of these properties are paid into the UK Coal security fund to cover subsidence liabilities, as the property relates to previously called-in security.

During the year 2 properties have been sold and 2 properties have subsequently been determined as required for operational purposes for an extended period, and therefore transferred back to Property, plant and equipment. One remaining property is scheduled for disposal during 2021-22.

In January 2020 the directors approved a property disposal strategy, including the sale of assets through private treaty or at auction. A programme of disposals is presented and agreed by the executive leadership team on an annual basis, the latest being September 2020.

	Land £000	Buildings £000	Total £000
Fair Value at 1 April 2019	-	-	-
Transfers from Investment properties	91	924	1,015
Fair Value at 31 March 2020	**91**	**924**	**1,015**

10. Trade receivables, financial and other current assets

Amounts falling due within 1 year:

	2021 £000	2020 £000
VAT	496	424
Trade and other receivables	283	1,081
Prepayments	1,584	1,151
Accrued income	1,534	1,109
Expected credit losses	(140)	(361)
Balance at 31 March	**3,757**	**3,404**

There are no amounts falling due after more than 1 year.

Expected credit losses relate to amounts that have been assessed at a customer level as unrecoverable. These losses have been reassessed and reflect the reduction in economic uncertainty as a result of COVID-19.

11. Cash and cash equivalents

	2021 £000	2020 £000
Balance at 1 April	5,108	6,000
Net change in cash and cash equivalent balances	5,726	(892)
Balance at 31 March	**10,834**	**5,108**
The following balances were held at:		
Government Banking Services	10,834	5,108
Balance at 31 March	**10,834**	**5,108**

Cash balances incorporate £2,181,000 (2020: £2,910,000) of ring fenced funds held in a separate account. These ring fenced funds represent receipts from UK Coal following disclaiming the lease/ licence for Thoresby Colliery and from bond providers following the termination of operations of ATH Resources PLC, Benhar Developments Ltd and Scottish Coal Company Ltd. The balances will be offset against the settlement of the operators' liabilities. Balances are to remain ring fenced until such time that all future liabilities are settled.

12. Trade payables and other current liabilities

Amounts falling due within 1 year:

	2021 £000	2020 £000
Other taxation and social security	580	591
Trade and other payables	1,117	752
Security fund payables	143	143
Liabilities in relation to called-in security	484	738
Amounts due to government (consolidated fund income)	18	472
Accruals	15,467	10,691
Deferred income	271	194
Balance at 31 March	**18,080**	**13,581**

Security fund payables (due within 1 year and after more than 1 year) relate to cash receipts from licensed coal operators and are held by the Coal Authority until such time that either, the licensee fulfils their obligations under the terms of a lease/licence, whereby the cash is returned to the operator, or to ensure debts and future liabilities are settled should a licensee fail to meet their obligations under a lease/licence. These cash receipts are not ring fenced, but are recognised as an operating cash inflow, with any payments being recognised as a cash outflow financed by grant in aid.

The amounts due to government represent amounts still to be remitted to the consolidated fund (HM Treasury) once cash has been collected in relation to licensing activities. The balance consists of trade receivables of £1,000 (2020: £26,000), cash of £nil (2020: £418,000) and accrued income of £17,000 (2020: £28,000). See Note 4.3 to the Accounts for further details.

Liabilities in relation to called-in security are in respect of the expected costs of settling future subsidence claims following the termination of operations and disclaiming of a lease/licence. (Called-in security is in the form of cash receipts or property assets. Cash receipts are ring fenced. Property assets generate further cash receipts on disposal. See Notes 6, 9 and 11 to the Accounts for further details). Amounts due within 1 year and after more than 1 year are in respect of UK Coal - Thoresby Colliery. Amounts due after 1 year are also in respect of ATH Resources PLC, Benhar Developments Ltd and the Scottish Coal Company Ltd.

Amounts falling due after more than 1 year:

	2021 £000	2020 £000
Security fund payables:		
In more than 1 year, but not more than 2 years	272	164
In more than 2 years, but not more than 5 years	108	108
In more than 5 years	1,068	1,173
	1,448	1,445
Liabilities in relation to called-in security:		
In more than 1 year, but not more than 2 years	-	410
In more than 2 years, but not more than 5 years	1,614	-
In more than 5 years	647	2,601
	2,261	3,011
Balance at 31 March	**3,709**	**4,456**

Where cash has been received from bond providers, any amounts not utilised, following the settlement of all future liabilities, will remain payable to the respective bond provider.

Analysis of movements on security fund payables:

	2021 £000	2020 £000
Opening balance - falling due within 1 year	143	143
Opening balance - falling due after more than 1 year	1,445	1,611
Opening balance	1,588	1,754
Invoiced and cash receipts	1	1
Interest payable	2	9
Repayments	-	(105)
Utilisation	-	(71)
Movements during the year	3	(166)
Closing balance - falling due within 1 year	143	143
Closing balance - falling due after more than 1 year	1,448	1,445
Closing balance	**1,591**	**1,588**

Analysis of movements on liabilities in relation to called-in security:

	2021 £000	2020 £000
Opening balance - falling due within 1 year	738	1,637
Opening balance - falling due after more than 1 year	3,011	3,907
Opening balance	3,749	5,544
Invoiced and cash receipts	24	-
Bond proceeds transferred	(15)	(65)
Utilisation	(1,013)	(1,730)
Movements during the year	(1,004)	(1,795)
Closing balance - falling due within 1 year	484	738
Closing balance - falling due after more than 1 year	2,261	3,011
Closing balance	**2,745**	**3,749**

13. Provisions for liabilities and charges

	Mine water schemes £000	Public safety and subsidence £000	Subsidence pumping stations £000	Other property related provisions £000	Total 2020-21 £000	Total 2019-20 £000
Opening balance	1,810,000	300,000	131,000	65,000	**2,306,000**	**2,297,000**
Utilised against operating spend	(10,002)	(7,747)	(1,089)	(2,165)	**(21,003)**	**(18,316)**
Utilised against capital spend	(11,213)	-	(445)	-	**(11,658)**	**(9,922)**
Created/ (released)	202,053	16,701	3,159	8,065	**229,978**	**91,736**
Borrowing costs of provisions (unwinding of discount)	32,162	5,046	2,375	1,100	**40,683**	**41,502**
Discount rate changes	(13,000)	(1,000)	-	(1,000)	**(15,000)**	**(96,000)**
Closing balance	**2,010,000**	**313,000**	**135,000**	**71,000**	**2,529,000**	**2,306,000**

Provisions and movement in provisions are provided for in line with accounting policies stated in Note 1.18 to the Accounts.

The provision for liabilities and charges at 31 March 2021 is £2,529.0 million (2020: £2,306.0 million). Forecast cash flows, which reflect the Coal Authority's latest assumptions, included within this provision before inflation and discounting are forecast at £2,508.0 million (2020: £2,275.0 million).

In calculating each provision at its present value, CPI (Consumer Price Index) inflation has been applied to cash flows that are based on 2021 prices and then nominal discount rates, as specified by HM Treasury, have been applied. Specified rates used are presented below.

HM Treasury rates			2020-21	2019-20
CPI Inflation	Year 1		1.2%	1.9%
	Year 2		1.6%	2.0%
	Years 3-100		2.0%	2.0%
Nominal Discount Rate	Short term	Years 1-5	(0.02%)	0.51%
	Medium term	Years 6-10	0.18%	0.55%
	Long term	Years 11-40	1.99%	1.99%
	Very long term	Years 41-100	1.99%	1.99%

The change in rates has resulted in a decrease to the provisions balance of £15.0 million for 2020-21 (2019-20: decrease of £96.0 million).

Where provisions remain calculated over a period of 50 or 100 years, it is necessary to add another year onto the provisions to maintain that timeframe. Forecast cash flows associated with the additional year are £27.3 million (2019-20: £25.4 million).

Other key assumptions and sensitivities in establishing the provisions at 31 March 2021 are explained on the next pages.

Mine water schemes

The provision relating to mine water treatment schemes is £2,010.0 million (2020: £1,810.0 million).

In order to comply with legislation, including the Water Environment (Water Framework Directive) (England and Wales) Regulations 2003 and the Water Environment and Water Services (Scotland) Act 2003, a strategy has been developed to design and build a further 9 schemes by 2027 to remediate existing pollution identified by the Environment Agency (EA), Natural Resources Wales (NRW) and Scottish Environment Protection Agency (SEPA). A further 17 preventative schemes are programmed to be built to avoid new pollution based on scientific projections of water quality and levels.

The legislation includes the principle of disproportionate cost and since 2010-11 this principle has been applied in assessing the viability of remedial schemes, through cost benefit analysis. Schemes will be deferred whilst new technologies are sought to build schemes for a cost in line with the benefits generated. Should such technology not become available these schemes may not be built and are therefore not provided for. Currently 54 schemes have been deferred, at average scheme build cost of £2.9 million and operating costs of £0.1 million per annum.

Cash flows over the next 100 years, before inflation and discounting, based on latest forecast and which are within the Coal Authority’s control, total £1,994.4 million (2020: £1,785.1 million). Cash flows are calculated over 100 years as scientists have concluded that the conditions for causing pollution will continue in perpetuity and there is no foreseeable option to dispense with treatment schemes. These cash flows incorporate:

These cash flows incorporate:

- The estimated cost of commissioning the build of future schemes at £94.5 million (2020: £81.7 million). The 10 year rolling programme for preventative scheme builds has been updated to include 2 new schemes. The programme, and associated cost, is subject to review with key stakeholders (Defra, NRW and SEPA).
- The estimated cost of a capital maintenance and refurbishment programme, including solar panel

installation, maintenance and replacement, at £679.2 million (2020: £640.3 million). These costs relate to both existing and future schemes, and are reassessed each year to reflect changes to the future scheme build programme.

- The estimated cost of operating schemes, which include efficiencies as they are delivered through an ongoing innovation programme, for the next 100 years at £1,220.7 million (2020: £1,063.1 million). These costs relate to both existing and future schemes (per the latest build programme), as they are built and become operational, and are reassessed each year based on experience and actual costs incurred. Operating costs at scheme level vary dependent upon the size and type of treatment scheme, the volume of water flow, as well as the chemistry and quality of the water. Operating costs have increased by £157.6 million as a result of changes to the future programme (£103.1 million), including 2 new preventative schemes, and as well as costs remaining subject to sustained pressure, particularly power, leading to significant cost increases (£54.5 million).

In assessing the provisions there are inherent uncertainties in respect of future costs and timing of cash flow, which impact on the provision. These include new technologies; environmental standards and regulations; the impacts of adverse weather as a result of climate change; price inflation of construction and operating costs; positioning of schemes and related land costs; the number of future preventative schemes required and the length of time they will be required to operate. Reasonable assumptions and best information have been used to inform the future costs and scientific evidence and experience has underpinned one of the more sensitive elements of the assumption, namely that underlying water treatment obligations will likely extend for many hundreds of years.

A management judgement has been taken to restrict the number of years to 100 for mine water treatment and subsidence pumping, reflecting the absence of a precise estimate of the timeline for the liabilities and that an infinite provision would not be relevant to the decisions being made by the users of the financial statements.

Public safety and subsidence

The provision relating to public safety and subsidence activity is £313.0 million (2020: £300.0 million).

Subsidence provisions relate to the estimated cost of settlement of subsidence claims. The Coal Authority has obligations under the 1994 Act and Subsidence Act 1991 to investigate and settle claims in respect of coal mining subsidence damage arising outside designated areas of responsibility associated with licenses granted to coal mining operators.

Public safety provisions relate to surface hazards and the costs of treating ground collapses, shaft collapses and other hazards relating to former coal mining activities. The Coal Authority has obligations under the 1994 Act and Subsidence Act 1991 to investigate and treat hazards arising from coal mining and to have regard for public safety.

Cash flows over the next 50 years, before inflation and discounting, based on latest forecast and which are within the Coal Authority’s control, total £308.9 million (2020: £295.3 million). Cash flows are calculated over 50 years as the Coal Authority expects to settle subsidence claims and treat surface hazards for a considerable period of time, as the conditions for subsidence and surface hazards will always be in existence.

These cash flows incorporate:

- The estimated costs for investigating and treating claims at £5.6 million per annum (2020: £5.4 million per annum). Costs are reassessed each year based on experience and actual expenditure incurred over periods of up to 10 years.
- The estimated annual costs for the ongoing mine entry inspection programme through to 2024 at £0.5 million per annum (2020: £0.5 million per annum). Mine entry inspections and re-inspections are undertaken as part of a risk assessed rolling programme, and alternate every 5 years. The next 5 year cycles commence from 2025 at a cost of £0.7 million per annum and 2030 at a cost of £0.4 million per annum (2020: £0.7 million and £0.4 million per annum).

The obligations arising from public safety and tip management are considered to have shorter timeframes, as remediation actions taken and ground settlement may mitigate the present scale of risk. Management have made a judgement to assess the potential liability over a timeline of 50 years, in the absence of definitive data to enable precise measurement. Each year the timeline is considered and reviewed, with data not yet showing a reduction in the scale of incidents, and as such the 50 year timeline has been retained. Inherent uncertainties for public safety and subsidence are significantly higher than for mine water schemes and subsidence pumping stations.

Significant uncertainties beyond 50 years include; new technologies or methods of treatment which may be introduced; the impacts of adverse weather as a result of climate change; price inflation of contractor and material costs; new planning regulations to stabilise land prior to development; regeneration projects; or land stabilisation programmes. In addition to new damage, as time passes, shallow workings and shafts which have been treated in the past may need further remediation and monitoring. It is difficult to predict where surface hazards will next occur, or the profile and approach towards managing public safety and subsidence events, which impacts on the ability to reliably determine costs associated with these issues.

Subsidence pumping stations

The provision relating to subsidence pumping stations is £135.0 million (2020: £131.0 million).

Subsidence pumping station provisions relate to the costs of 83 pumping stations which control water on land affected by subsidence. This includes obligations under the Doncaster Drainage Act 1929.

Cash flows over the next 100 years, before inflation and discounting, based on latest forecast and which are within the Coal Authority's control, total £133.9 million (2020: £129.9 million). Cash flows are calculated over 100 years as scientific evidence indicates that due to the effects of subsidence, certain pumping stations will be required and operated in perpetuity. These cash flows incorporate:

- The estimated cost of a refurbishment programme, which is due to complete by 2034, at £11.1 million (2020: £11.7 million). There is an ongoing requirement to continue refurbishment beyond 2034 and into the foreseeable future. This ongoing refurbishment programme has been incorporated at £0.6 million per annum (2020: £0.6 million per annum). The programme, and associated cost, is subject to review with key stakeholders (Environment Agency and Internal Drainage Boards).

- The estimated cost of operating these stations for the next 100 years at £0.7 million per annum (2020: £0.7 million per annum).

Beyond 100 years the inherent uncertainties of the future costs and timing of cash flows cannot be reliably measured and therefore prevent provisions being made.

Significant uncertainties beyond 100 years include; the expected operational life of the stations and plant and machinery; the impact of adverse weather as a result of climate change; and, the levels of refurbishment or replacement that may be required.

Other property related provisions

The provision relating to other property is £71.0 million (2020: £65.0 million).

The Coal Authority provides for costs to meet its statutory obligations. These liabilities are managed by our Property and Public Safety and Subsidence teams. When made aware of a site requiring rehabilitation, restoration or requiring future expenditure related to safety and security, provisions are initially recognised following an assessment of the action required and where costs can be reliably estimated, and subsequently kept under review.

These include the following items and associated cash flows, before inflation and discounting, reflecting latest assumptions:

- Obligations under the Bridgewater Canal Act 1907 to maintain elements of the canal which have been affected by coal mining subsidence. A 50 year programme of works has been prepared and costs estimated at £39.6 million remain at 31 March 2021 (2020: £34.1 million).
- Obligations under the 1994 Act, the Mines and Quarries (Tips) Act 1969 and the Mines and Quarries (Tips) Regulations 1971 to have regard to public safety. Tips may become insecure when water or ground conditions make them unstable. The Coal Authority has responsibility for 41 tips and keeps them secure, monitors water drainage, constructs tunnels and ponds to capture the water runoff and undertakes a regular programme of maintenance. Costs over the next 50 years have been forecast at £17.0 million (2020: £17.0 million), incorporating annual costs at £0.3 million per annum (2020: £0.3 million per annum). Beyond 50 years the inherent uncertainties of the future costs and timing of cash flows prevent provisions being made. Significant uncertainties beyond 50 years include the future costs of major repair projects following adverse weather conditions.

- Closed colliery site obligations are assessed to be £13.9 million (2020: £13.2 million) and relate to returning colliery sites to a condition that is safe and secure and consistent with any required planning permission or lease requirement.

Sensitivity of trends and assumptions

The calculations as explained above necessarily include estimates and assumptions, therefore, due to their nature, provisions balances are reasonably sensitive.

For example:

- should estimated future cash flows increase or decrease by £1.0 million per annum:
  - in relation to Public safety and subsidence and tip management, the total provision over 50 years at current day prices would increase or decrease by £51.0 million (2%)
  - in relation to Mine water schemes or Subsidence pumping stations, the total provision over 100 years in current day prices would increase or decrease by £101.0 million (4%)
- should inflation or discount rates as specified by HM Treasury change, there would be an impact on the provisions balance:
  - an increase in the inflation rates of 0.5% would increase the total provision held by £648.0 million (26%)

- a decrease in the inflation rates of 0.5% would decrease the total provision held by £476.0 million (19%)
- an increase in the discount rates of 0.5% would decrease the total provision held by £474.0 million (19%)
- a decrease in the discount rates of 0.5% would increase the total provision held by £651.0 million (26%)

Analysis of timing of discounted flows:	Mine water schemes	Public safety and subsidence	Subsidence pumping stations	Other property related provisions	Total
	£000	£000	£000	£000	£000
Up to 2022	28,670	6,941	2,024	1,438	**39,073**
Between 2022 and 2026	124,313	26,517	7,403	6,035	**164,268**
Between 2026 and 2041	341,162	96,194	21,207	30,169	**488,732**
Thereafter	1,515,855	183,348	104,366	33,358	**1,836,927**
Total	**2,010,000**	**313,000**	**135,000**	**71,000**	**2,529,000**

14. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these accounts:

	£000	2021 £000	£000	2020 £000
Property, plant and equipment:				
Land and buildings	39		680	
Mine water schemes	900		959	
Information technology	242		-	
		1,181		1,639
Intangible assets		306		35
Total		**1,487**		**1,674**

Land and buildings commitments represent maintenance and refurbishment of Head Office buildings.

Mine water schemes represent amounts relating to the build and maintenance of metal mine water schemes, and are recoverable from the Department for Environment, Food & Rural Affairs (Defra).
Information technology commitments relate to hardware and incorporate an amount of £169,000 in relation to new monitoring equipment for mine water schemes.

Intangible asset commitments are for software development activities including £222,000 in relation to monitoring equipment for mine water schemes.

15. Commitments under leases

15.1 Operating leases (lessee)

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

	2021 £000	2020 £000
Land and buildings:		
Within 1 year	550	527
Between 1 to 5 years	1,875	1,807
After 5 years	12,404	12,118
	14,829	14,452
Other:		
Within 1 year	107	113
Between 1 to 5 years	66	145
	173	258
Total	**15,002**	**14,710**

Land and building leases represent commitments of future expenditure on property held for operational purposes and for the Coal Authority's disaster recovery offices. Of this future expenditure, £1,474,000 (2020: £1,415,000) represent amounts that will be recoverable from Defra in relation to metal mine water schemes. The remaining balance is substantially included within the provisions balances provided for mine water schemes, subsidence pumping stations and other property related provisions (Note 13 to the Accounts).

Other leases represent commitments of future expenditure for vehicles and IT equipment.

15.2 Operating leases (lessor)

Total future minimum income receipts under operating leases in relation to head office freehold property rental and other income are given in the table below for each of the following periods.

	2021 £000	2020 £000
Head office - freehold property:		
Within 1 year	193	185
Between 1 to 5 years	162	323
Total	**355**	**508**

The Coal Authority has no finance leases or Private Finance Initiative (PFI) contracts.

16. Contingent liabilities

Licensees of mining operations are required to provide security to the Coal Authority to cover the anticipated future costs of settling subsidence damage liabilities within their areas of responsibility. Outside the areas of responsibility of the holders of licences under Part II of the 1994 Act, the Coal Authority is responsible for making good subsidence damage. Where an area of responsibility is extinguished this would transfer to the Coal Authority who would become responsible for the discharge of outstanding subsidence liabilities. The Coal Authority also has an ongoing liability to secure and keep secured the majority of abandoned coal mines. In all cases the liability for operating collieries is the responsibility of the licensees/lessees and security is held to address those liabilities.

The above liabilities have been provided for within the Public Safety and Subsidence provision (Note 13 to the Accounts) based on analysis of trends and claims experience. However it is possible that significant, unexpected events outside of this provision may materialise. It is expected that any deficit will be covered by future allocations of grant in aid.

Where liabilities transferred under the various Coal Authority Restructuring Schemes (CARS) have crystallised due to planning conditions, agreements, claims etc, provision has been made in these financial statements. It has not, however, been possible to quantify contingent liabilities that may arise in the future. It is expected that any costs will be covered by future allocations of grant in aid.

The Coal Authority is subject to various claims and legal actions in the ordinary course of its activities. Where appropriate, provisions are made in the accounts on the basis of information available and in accordance with guidance provided under the Financial Reporting Manual (FReM) and International Financial Reporting Standards (IFRS). The Coal Authority does not expect that the outcome of the above issues will materially affect its financial position. In addition to the contingent liabilities outlined above the following should be noted:

Environmental Information Regulations 2004

The Coal Authority is aware of potential legal proceedings in respect of past fees paid for mining information.

If we receive formal notification to commence legal proceedings, the Coal Authority will strongly defend its position.

17. Contingent assets

By virtue of the seventh and ninth Coal Authority Restructuring Schemes (CARS 7 and 9) the Coal Authority is the beneficiary of restrictive covenants and clawback provisions relating to land and properties sold by the British Coal Corporation. In the event that the purchasers are able to retrospectively secure added value by obtaining planning consent for alternative uses the Coal Authority will receive a share of the added value. Quantification of this asset is not possible.

18. Related party transactions

The Coal Authority is a Non-Departmental Public Body (NDPB) of the Department for Business, Energy and Industrial Strategy (BEIS) and received grant in aid during the year, as well as surrendering income due to the consolidated fund in relation to statutory licensing activities.

BEIS continues to provide a consolidated annual report and accounts for the core department and incorporating NDPBs, including the Coal Authority, that are classified within its consolidation boundary.

In addition, the Coal Authority had a number of transactions with other government departments and bodies. The most significant of these transactions include the purchase of goods and services from the Ministry of Housing, Communities and Local Government and the provision of advisory and technical services to the Department for Environment, Food & Rural Affairs (Defra).

There have been no material transactions undertaken between board or executive members, or other related parties, and the Coal Authority during the year, that require disclosure.

19. Events after the reporting period

There were no significant events after the reporting period that require disclosure.

Date accounts authorised for issue

The Chief Executive and Accounting Officer has authorised these accounts to be issued on the date they were certified by the Comptroller and Auditor General.

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY IN ACCORDANCE WITH THE COAL INDUSTRY ACT 1994

1. This direction applies to the Coal Authority.

2. The Coal Authority shall prepare accounts for the financial year ended 31 March 2021 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury and the Financial Reporting Manual Addendum 2020-21 issued by HM Treasury on 27 April 2021 (collectively referred to as “the FReM”) which were in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the Department.

3. The accounts shall be prepared so as to:

   (a) give a true and fair view of the state of affairs at 31 March 2021 and subsequent financial year-ends and of the income and expenditure, total recognised gains and losses and cash flows for the financial year then ended; and

   (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Department for Business, Energy and Industrial Strategy who will consult HM Treasury as necessary.

5. This Direction supersedes the Direction dated 22 June 2020.

Christopher Whelan
Assistant Director - Coal Liabilities Unit
(An official of the Department for Business, Energy and Industrial Strategy
authorised to act on behalf of the Secretary of State)
5 May 2021