The Coal Authority

Annual report and accounts 2021–2022

HC 547

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Annual report and accounts 2021–22

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Drilling for mine water heat
at Gateshead, Tyne and Wear

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 work with BEIS and Defra to deliver on UK Government priorities including the transition to net zero, levelling up and climate and nature action - supporting a sustainable path for the future. We also 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 safer, cleaner and 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 2021-22, across the three nations we serve:

Kept people safe and provided peace of mind

We carried out **10,148** mine entry inspections

We investigated **493** surface hazard reports

We assessed **330** subsidence damage claims

Used our information and expertise to help people make informed decisions

We delivered **196,332** mining reports

We issued **1,775** permits to intersect coal

We provided **10,292** planning consultation responses

Protected and enhanced the environment

We treated
128 billion
litres of water

We replaced
40,816m²
of our 350,000m² reed beds

We prevented
3,934
tonnes of iron solids from entering water courses

Created value and minimised cost to the taxpayer

We saved
£2.9 million
by recycling reedbed material

We generated
£6.4 million
of income through our advisory services

We recycled
77%
of removed iron solids

Chair's foreword

I've really enjoyed my first year as Chair of the Coal Authority and am pleased to introduce our 2021-22 annual report. I've enjoyed getting under the skin of the organisation and spending time out on site seeing our practical delivery on the ground, helping communities who have been impacted by mining legacy. I'm particularly excited to see how opportunities, such as mine water heating, are coming to life to support the net zero carbon, levelling up, and energy security policies of the UK, Scottish and Welsh Governments, as we all build back from the impacts of the COVID-19 pandemic.

Settlement pond at Silverdale mine water treatment scheme, Staffordshire

This year we have developed our new business plan[†] which will run from April 2022 – March 2025. This sets out what we will do and how we will do it. Our previous plan was written to last from 2018-19 – 2022-23 but the Board decided to progress our new plan earlier for a number of reasons. These include the progress we've made against the previous plan, the changing context that we all live and operate in, and the opportunity to align with the UK Government's latest spending review.

This new business plan is set in the context of a 10 year vision which has helped us to focus our thinking in the longer term – particularly in our response to the climate crisis, and to support the net zero carbon ambitions of the 3 nations' governments that we serve. We will continue our focus to demonstrate social and environmental value alongside economic effectiveness, which is something that I take a particular interest in. Over the last year I've been pleased to see this coming through even more strongly – for example the work done in Midlothian which you can read about in our case study on page 43.

During 2021-22 we have seen a significant increase in the awareness of, and demand for, mine water heating across Great Britain. This has included mainstream media such as Countryfile, and the One Show, and widespread engagement with MPs and local authorities, including an event at the House of Commons in October 2021. Similar events in the Scottish Parliament and Welsh Senedd are being planned for 2022-23. Gateshead Council's first mine water heat scheme has been built and will be online providing heat to 1,250 homes later this year. We will continue to work with BEIS, the devolved governments, and partners, to expand the opportunity of heat networks and make a real contribution to achieving net zero carbon.

When reading our accounts you'll notice that our provisions balance, reflecting the future cost of resolving the impacts of past coal mining, has changed again this year, increasing by £3.1billion from £2.5 billion to £5.6 billion at March 2022. This balance is calculated by applying HM Treasury assumptions on the time-value of money to a forecast of cash flows at today's prices. Our forecast of these

[†] https://www.gov.uk/government/organisations/the-coal-authority/about/publication-scheme

Our Chair, Jeff, with Andy,
our Head of Environment Strategy
and Sustainability

underlying cash flows has increased by £0.3 billion to £2.8 billion, primarily reflecting an increase in the number and expected costs of building and operating mine water treatment schemes, and with some consideration for the impacts of climate change. We expect the impacts of climate change adaptation to increase the provisions over time as we undertake more research, and will continue to work to offset costs through efficiencies and our innovation programme.

The operational increases included this year are small compared with changes to the HM Treasury discount rates which increase the financial provision by more than £2.8 billion. You can find more information on this in the financial review (page 34) and note 13 to the accounts (page 115).

I hope you'll see in this report that sustainability, nature recovery, and resilience remain central to our work, and to our next business plan. We are building this into all of the decisions that we make about our work and remain committed to lowering our own carbon footprint to reach net zero by 2030. As a 24/7 response organisation we see first-hand the impacts of extreme weather and the need to adapt to the impacts of climate change.

We are also the government delivery body that is responsible for licensing what remains of the coal mining industry. In doing this we have to follow the specific tests set out in the 1994 Coal Industry Act and take account of policy from the UK and Welsh Governments (for coal licensing) and the UK, Scottish and Welsh Governments (through planning policy). Some of our decisions in implementing the Coal Industry Act have been high profile over the last year. We recognise that this is a politically and publicly sensitive area and we continue to be thoughtful, listen to feedback and provide practical, operational information to government to help them to balance the policy judgements that they need to make.

I am pleased with the engagement we have done to work even more closely with emergency response partners to raise better awareness of our 24/7 incident response capability and of legacy mining hazards. This has led to the Cabinet Office recommending, following their review of the Civil Contingencies Act 2004, that we should be made a category 2 responder. This recognises that 29 of the 42 local resilience forum areas across England and Wales, and all 3 regional resilience partnerships in Scotland, are either on the coalfield or have notable metal mine risks.

Our work to protect people, drinking water and the environment from mining hazards will remain central to our approach as we continue to grow and evolve, and I have seen first-hand during my time with the Coal Authority the importance of our emergency work with others – including at Skewen in Neath Port Talbot, Wales; Workington in Cumbria, England; and Saltcoats in Ayrshire, Scotland, over the past year. Customer and community engagement and support is a crucial part of any response and we have developed our resilience and capability here, learning from feedback and from partners – see page 19.

Of course none of this would be possible without the commitment and hard work of colleagues at the Coal Authority. 2021-22 was a further year impacted by the COVID-19 pandemic, and more recently cost of living pressures, inflation and the Ukraine crisis have been additional pressures at work and at home. Our focus on wellbeing and being a 'great place to work for everyone' remains, and we have taken learning from the pandemic to become a more flexible, fair and inclusive organisation.

In closing I must note that in March 2022 we said goodbye to Gemma Pearce after 6 years' brilliant service as a Non-Executive Director, and Chair of our Human Resources and Remuneration Committee. Gemma added great value to the Coal Authority and has been instrumental to the advances we have made in becoming more innovative and dynamic. I would like to thank Gemma for her efforts and for the support she has provided to me personally through my first year. I am delighted to welcome David Brooks to the board as a successor to Gemma and look forward to working with him.

Jeff Halliwell
Chair

Chief executive's report

This year has been one of learning, evolving and looking to the future while continuing to deliver strongly, respond to and recover from incidents working closely with our partners, supply chain and the local communities. I am grateful to our people who have continued to work through the uncertainty and additional challenges posed by COVID-19 with passion and dedication to support communities and deliver real outcomes on the ground to help make a better future for people and the environment in mining areas across Great Britain.

Wildlife planting at our Lamesley mine water treatment scheme at Gateshead, Tyne and Wear

Our strong operational delivery has continued. We have responded to 493 reported surface hazards and 330 damage claims and kept our 76 mine water treatment schemes working whilst continuing to monitor high risk areas for pollution and develop further schemes for the future. Our work on metal mine pollution clear up with Defra and the Environment Agency in England and Welsh Government and Natural Resources Wales in Wales continues to expand, making a real contribution to river quality. For example the Nent Haggs mine water scheme in the Pennines, England will improve water quality in 60km of rivers by capturing 3 tonnes of zinc and cadmium each year.

We've continued to work as part of the Welsh Government's 'Tip Taskforce' to ensure that higher risk sites have been regularly inspected and maintenance work done. We led the remediation of a slip at Wattstown Tip (Rhondda Cynon Taff, Wales), continued to support Rhonda Cynon Taff Council with their Tip remediation at Tylorstown and led technology trials including movement sensors and work with the UK Space Agency and other partners to use satellite capability to detect moisture content.

Emergency and community response remains at the core of our work. We have continued our work at Skewen, South Wales with the community, Neath Port Talbot Council and other partners to assist their recovery from the mine water flooding incident in January 2021 and to complete a new mine water management scheme. In September 2021, a rapid subsidence event occurred beneath 2 blocks of flats in Saltcoats, Ayrshire, Scotland which required the evacuation of 8 families. We supported emergency partners in the initial response, arranged for the rapid demolition of the properties to prevent further risk and have worked with those affected, the wider community and North Ayrshire Council to support the residents and provide practical and financial support to help them move forwards with their lives.

Whilst delivering and dealing with incidents we have ensured that we have listened to feedback, taken learning and developed our organisation and our capabilities to be even more professional and robust for future challenges. We have delivered structural change and recruited a new Director of Community and Emergency Response whose teams are already delivering more community focused and resilient approaches. As Jeff says we have also worked with BEIS and the Cabinet Office to become recognised as a category 2 response organisation under ongoing reforms to the Civil Contingencies Act 2004 and know that this will allow us to work even more closely and effectively with emergency partners and increase awareness of mining risk and what can be done to mitigate it and protect life, homes, drinking water and the environment.

Our Sheephouse Wood mine water treatment scheme in South Yorkshire

In our last annual report I made a number of commitments for 2021-22 and we have made clear progress on each:

- We've further developed our incident and emergency response resilience capabilities with a new dedicated Community and Emergency Response Directorate who support our operations and other colleagues to ensure that we are professional and resilient and who lead our engagement with other emergency responders through Local Resilience Forum/Regional Resilience Partnership engagement. We've developed a new 'Critical Incident Plan' building on learning and feedback from major incidents that we've been involved with and designed a new 'Minesafe' awareness programme for emergency response organisations and other partners.

- We've made further progress on our journey to achieve net zero carbon by 2030 by baselining our emissions and identifying particular challenges which need additional investigation. Our new sustainability plan will be published shortly showing our targets and journey to achieve net zero carbon by 2030. We've developed a pipeline of 15 mine water heat projects with councils and private enterprises to enable locally produced, low carbon heating for coal mining communities and the Gateshead scheme will begin heating homes later this year. We have done more work to assess the risk from climate change and more extreme weather to our assets and developed a plan for further, targeted research to inform key aspects of our work.

- We have developed our next long term business plan to set the direction of the organisation, in support of the 3 governments we serve, for the next 3 years in line with the UK Government Spending Review. The plan sits within a 10 year vision for our work. We are grateful for the input of colleagues, customers and partners in developing this plan.

Supporting customers and communities and delivering operational outcomes is at the heart of our new business plan and the thematic plans (sustainability, customer, people and so on) that underpin it. The plan is clear that this must be achieved sustainably and by creating social and environmental benefits and value alongside economic income. The plan also describes how we will work – reinforcing our commitment to being a 'great place to work for everyone' and showing the practical steps that we need to take – including in the digital space – to be truly fit for the future. Our business plan includes clear and challenging targets and priorities over the three years so that we are transparent and accountable. Our 2022-23 annual report and accounts will report on the first year of our progress against these – see page 26.

In 2019, I described the Coal Authority as a small organisation with a big remit and great people. We've grown since then whilst taking on even wider responsibilities, services and delivery across Great Britain. What hasn't changed are the great people who make our work possible and I continue to be proud to lead and support them to make a difference every day. Together we have learnt from working differently through the pandemic and are a more flexible and dynamic workplace for it which leads to better service for our customers.

We will continue our focus on wellbeing and inclusion to ensure that we are an organisation where diverse and talented people want to work and so that everyone who works for or with us feels that they can be themselves and belong to a values-led organisation that makes a difference. To solve the complex challenges ahead we need to find, retain, develop and support great people across Great Britain who can work with others to find solutions.

Lisa Pinney MBE
Chief Executive
and Accounting Officer

Our work in Wales

Working with the Welsh Government and a range of Welsh partners, we have managed critical maintenance work on a disused coal tip to reduce the risk of a further tip waste slip.

Coal tips in Wales are often located on steep sloping hillsides and mountains. Wattstown tip is a disused coal tip located in the Rhondda valley, constructed in the late 19th century using waste material from the nearby Wattstown Colliery.

Tipping in this area finished in the early 1930s and the site eventually naturally grassed over and returned to nature. In recent years there have been minor movements on the tip but following the storms in March and December 2020, a visibly larger part of the tip slipped leading to spoil waste moving down the hillside. Following investigations, it was confirmed this was a shallow surface slip, caused by the heavy rainfall and poor drainage on the steep side of the tip.

The Welsh Government and Rhondda Cynon Taf County Borough Council called us in to design a scheme that would protect the exposed part of the tip and prevent further movement over the short to medium term until a final decision regarding the wider site in general is agreed.

To support the work we undertook a number of specialist drone surveys to fully understand the situation and inform our thinking. Our Engineering team were then able to design a programme that would protect the bare slopes and enable vegetation growth that will, over time, help bind the surface.

Due to the steep location of the site, we worked with our contractors to establish a specialist rope access system and along with the use of a spider excavator, we were able to successfully install 3,000m^2 of erosion control matting across the entire affected area. This was secured in place by 3,000 primary anchors and 9,000 secondary anchors. This specially designed matting will help protect the site and the tip will be part of long term coal tip safety regime being implemented in Wales.

Work started in October 2021 and was finished in January 2022.

To support communities around and below disused tips and provide reassurance, we provide a 24/7 tips helpline on 0800 021 9230.

Our year in Wales

We carried out
2,409
mine entry inspections

We investigated
103
surface hazard reports

Coal Authority contractors undertaking essential safety work at Wattstown tip
Photo: Alun Griffiths (Geotechnical)

We delivered
15,320
mining reports

We treated
15 billion
litres of water

We provided
1,525
planning consultation responses

We prevented
423
tonnes of iron solids from entering water courses

Our performance

We are 4 years through our current 5 year plan and we've made good progress, setting the foundations to create a more sustainable organisation able to deliver our mission for years to come. The sections below set out progress made in the year against the key elements of this plan.

Because of the progress we've made against this previous plan, the changing context that we all live and operate in, and the opportunity to align with the UK Government's latest Spending Review, we have published our new business plan.

Our people

We have continued to focus on encouraging and enabling our people to prioritise their mental health and wellbeing through the COVID-19 pandemic and associated challenges. We worked with colleagues to develop a new hybrid working framework that balances flexibility with office and collaborative working and ensures that we can continue to effectively respond to incidents and deliver for customers on the ground.

We have developed and published our 'Great Place to Work for Everyone' plan with input from colleagues and partners. This sets out further work to become a more diverse and inclusive organisation to ensure that we can recruit and retain great people and work effectively and respectfully with the communities we serve.

We have continued to invest in learning and development through our leadership programmes and through technical training and continual professional development.

We undertook a pulse people survey to show what progress we have made since the last full survey in 2019 and ahead of the people survey planned for 2022 and 87% of colleagues responded. We've made good progress on work life balance and line of sight between individuals and the organisation's objectives and we continue to focus on understanding and addressing bullying and harassment in all its forms and on ensuring that everyone feels safe to report any concerns.

For more information, please see page 38.

Customers and stakeholders

Customers, and our practical delivery work, remain at the core of our approach and we have continued to develop staff, listen to feedback and evolve our approaches to deliver improved service for all our customers and particularly those impacted by coal mining subsidence or hazards.

We have continued to provide dedicated support to the community in Skewen, South Wales, following the significant mine water flooding incident in January 2021. We've worked closely with Neath Port Talbot Council, other partners, local councillors, MSs and MPs to provide information, regular newsletters and briefings and meetings. Through our 'Skewen Policy'[†] we have provided practical help and support with clean up, drainage and restoring 58 garden and outdoor spaces. We've stabilised the damaged mining features and built a new mine water management scheme to provide peace of mind for the future. We've also worked closely with the Association of British Insurers and provided information for insurers and financial institutions to improve understanding of the event.

[†] https://www.gov.uk/government/publications/policy-on-skewen-flooding-response-support

We took the learning from Skewen and developed a new approach for holistic community support following a significant or major incident. We used this to support those impacted by an incident in Saltcoats, Ayrshire, Scotland where 8 flats subsided requiring urgent evacuation. Our focus was on resident welfare and support and we worked closely with North Ayrshire Council and other partners to provide a joined up approach.

We've continued to work closely with Welsh Government, local authorities and other partners on the Tips taskforce using our expertise to ensure that higher risk tips are regularly inspected and maintained and trialling innovative technologies to inform future approaches. We managed work at Wattstown Tip (Rhondda Cyon Taff, Wales) to stabilise the tip face. We've inputted to the Law Commission review of coal tip regulation in Wales and welcome the long term approach for tip management which should help to provide greater reassurance for local communities.

We have responded to 823 mining hazards and claims such as subsidence, mine gas or shaft collapses and taken action as needed. We have continued to work closely with Local Resilience Fora in England and Wales and Regional Resilience Partnerships in Scotland to increase awareness of mining legacy, provide training and advice and to support incident response. We welcome the Cabinet Office's recommendation for us to become a category 2 responder under their review of the Civil Contingencies Act 2004.

Our mine water remediation programmes continue to monitor mine water quality, develop, design and build new schemes and maintain existing schemes to protect drinking water, rivers and the sea from pollution. We deliver our BEIS funded coal programme across Great Britain and metal mine programmes in England for Defra and the Environment Agency and in Wales for Welsh Government and Natural Resources Wales. We are treating 6 billion more litres of mine water than this time last year and this will continue to increase as we work with partners and our supply chain to deliver further schemes over the years ahead.

We've continued to provide information and services to help developers, mortgage lenders and property owners understand and manage the risks from past coal mining appropriately and recognising our role to repair many types of coal mining damage. We provided 196,332 mining reports to support the housing market, delivered 1,775 permits for developers to undertake ground investigations on the coalfield and responded to 10,292 local authority planning consultations.

We have strongly promoted the potential of mine water heat over the year including a ministerial event at Seaham Garden Village, a House of Commons event for MPs, a public webinar and significant local and national media coverage. We've worked closely with local politicians, councils and developers and the devolved nations to strengthen the pipeline of potential schemes and have supported Gateshead Council to develop their mine water heat network which will be operational in 2022 providing heat to 1,250 homes.

Internal processes

We have learnt from the emergency incidents that we manage and created our new Community and Emergency Response Directorate, strengthening our 24/7/365 incident response capability.

We have further developed our technology and IT infrastructure to support hybrid and effective working, to support teams to collaborate and work together and with partners – wherever they are located.

We continue to improve our governance framework to reflect our growing and increasingly complex organisation. We have embedded a new risk management and assurance framework which is promoting more conversations on risk and an even stronger risk management culture. We have further developed our counter fraud awareness and continued to deliver our counter fraud action plan. We have strengthened our cyber risk policies, planning and testing using both technical upgrades and staff awareness programmes to minimise our exposure to cyber attack.

Above and right: Colleagues in our Records department at our offices in Mansfield, Nottinghamshire

Our project management professionals have established a community of practice and produced a change and enhancement roadmap to improve the consistency of project management across the organisation while ensuring it is dynamic and can flex based on scale and risk.

We have strengthened our assessment and approach to tackling modern slavery within our supply chain and have published our first Modern Slavery statement†. We have increasingly embedded environmental and social value into our procurement decisions.

Managing our money

We've continued to work closely with the Department for Business, Energy and Industrial Strategy (BEIS), our sponsor department, so they understand our financial risks and opportunities and help ensure that we deliver our programmes and activities in line with agreed control totals. A significant proportion of our expenditure spend is reactive and driven by emergency incidents and public safety and subsidence events and we dealt with a number of significant and complicated events during the year. This led to an agreed increase of funding during the year, from £44.1 million to £53.2 million.

Working with partners we off-set our costs through generating income.

We generated £6.4 million income from our advisory services and by-products using our expertise to help other government organisations manage their risks and to create opportunities from mining legacy.

†https://www.gov.uk/government/publications/modern-slavery-statement

We exceeded our capital income targets, raising £2.7 million from clawback and asset disposals against a target of £0.7 million, offsetting the capital expenditure needed to treat minewater and flooding due to subsidence.

For more information on our finances see our financial review on page 34.

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 decisions
- we create value and minimise cost to the taxpayer

Pumping grout to stabilise a mine shaft at a community in Cumbria

Our business plan

We have published our new 3 year business plan set against a 10 year vision.† This explains how we will make a better future for people and the environment in mining areas. Our plan is underpinned by our values and focussed on delivering for the communities we serve.

Mission

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

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 tax payer

Create a great place to work

Work with others to create value

Deliver for the communities we serve

Ensure sustainability

Make us fit for the future

Values

Trusted

Inclusive

Progressive

†https://www.gov.uk/government/organisations/the-coal-authority/about/publication-scheme

Deliver for the communities we serve

The Coal Authority is a practical operational organisation, which delivers a number of core, statutory duties across Great Britain to help keep people, drinking water and the environment safe from the impacts of our mining legacy. This includes 24/7 incident response capacity. We are committed to doing this in a customer and community focused way. We act with integrity, do what we say we will and listen and learn so that we can continually improve. Working with and through other partners we can provide a joined up response and maximise the outcome that can be delivered. This helps us to deliver on our mission to 'make a better future for people and the environment in mining areas.'

Ensure sustainability

We're committed to becoming a more sustainable organisation, and want to use our work to help deliver positive change in the communities we support. This includes real consideration of environmental and social sustainability and factoring this thinking into our decision making and reporting. To do this we will work with others, sharing learnings and taking practical action to move towards our ambition to be a net zero organisation by 2030 as our board have committed to. We will continue taking action to decarbonise our activities and maximise carbon sequestration at our sites. We will also take action to support resilient nature and wildlife by managing our sites and estate in the best way possible.

Work with others to create value

Value creation – financial, environmental and social – is key to our thinking at the Coal Authority and we are constantly looking for new innovations and efficiency to deliver better outcomes, new opportunities and/or savings for the taxpayer. We're passionate about past mining communities both on the coalfield and beyond and use our information, skills and expertise to give confidence to those who live and work in these areas and to enable opportunity and benefit where possible from our mining legacy.

Create a great place to work

Great people are at the heart of what we do and we can only deliver the important work we do to keep people safe, protect the environment and maximise opportunity if we can attract, recruit and retain them. To do that we have to be a truly great place to work that attracts diverse talent across all parts of Great Britain and helps them to feel valued and respected with the opportunity to grow and develop. We want to be an employer of choice that is vibrant, dynamic and modern and promotes an inclusive, wellbeing centred culture underpinned by our values.

Make us fit for the future

We've set out a high level of ambition through our vision and this first 3 year business plan. We have to enable these ambitions through effective and customer focused systems and approaches which support us to provide the core services that keep people safe, the opportunities we have to create value and the need to deliver environmental and social sustainability. We will design and drive a digitally enabled programme from the perspective of our people and our customers to support a 'One Coal Authority' culture and make us easy to do business with.

Our business plan scorecard

We will measure and report our progress over the next 3 years using this scorecard

Deliver for the communities we serve

Scorecard outcome: **We improve our frontline delivery services for our customers so that we deliver more outcomes and are easier to do business with.**	**By April 2025:** • We will treat an additional 13 billion litres per year of mine water to prevent pollution of drinking water, rivers or the sea by 2025. This is an increase of over 10% on current volumes (128 billion litres/year). • We will resolve 90% of subsidence hazards and claims within 12 months. • We will use our information, services and estate to enable 300,000 hectares of regeneration and safe development for local communities in the former coalfields. • We will achieve Service Mark accreditation for our service standards from the Institute of Customer Service.

Ensure sustainability

Scorecard outcome: **Make further clear progress on our journey to achieve net zero carbon by 2030 and to deliver wider environmental and social aspects of sustainability.**	**By April 2025:** • We will reduce greenhouse gas emissions from our estate, operations and travel by 65% from our 2017-2018 baseline. • We will implement integrated reporting that uses evidence based and measured targets to show our commitment and progress on our sustainability goals. • We will understand and recognise the impacts of climate change and extreme weather events on our estate and operations with a clearly defined adaptation plan. • We will have a nature recovery plan and will demonstrate how our estate and operations are being optimised for nature's recovery.

Work with others to create value

Scorecard outcome:	By April 2025:
We will generate more value and deliver wider environmental and social benefit from our assets, services and work.	• We will influence and enable 4 large operational mine water heat schemes across Great Britain. • We will re-use or recycle 95% of the iron ochre and iron solids generated from our mine water treatment schemes to prevent disposal in landfill. • We will increase our service delivery to partners by 30% from our 2021-22 baseline of £2.49 million/year. • We will assist the lending industry in making faster decisions for home buyers on the coalfields.

Create a great place to work

Scorecard outcome:	By April 2025:
We will be an employer of choice where our people feel they can belong. We'll have an inclusive culture with a strong focus on wellbeing, learning and development. We take pride in delivering important work for the communities we serve and live our values.	• We will make demonstrable progress towards our workforce being more reflective of the diversity of the communities we serve across Great Britain. • We will support levelling up by taking action to improve social mobility and providing apprenticeships for individuals who live on the coalfield and have a family connection to mining. • We will achieve a 5 star rating in the British Safety Council 5 Star Health, Safety and Wellbeing Audit. • We will increase our employee survey engagement score by 10% against the 2019 benchmark of 67%.

Make us fit for the future

Scorecard outcome:	By April 2025:
We will develop modern, resilient systems and processes that are fit for the future, support our people and make it easier for our customers and partners to do business with us.	• We will update 100% of our strategic IT systems and run them in the cloud. • We will make our digital services and information more accessible, relevant and with increased self-serve options – 100% of services will be digital by default and 100% of our new transactional systems will follow GOV.UK service and design standards. • We will make demonstrable progress on implementing systems that allow simpler, improved collaboration within the organisation and with partners. • We will make demonstrable progress in improving our findable, accessible, interoperable and reusable (FAIR) data self-assessment ratings.

Strategic risks

Risks	Update and mitigation	Relative rating
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.	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.	**High (stable)**
Changing climate and extreme weather events We are unable to adequately understand, adapt to and mitigate the effects of the changing climate and extreme weather events, impacting our assets and ability to deliver our remit.	Our significant capital build and refurbishment programmes are designed to ensure that our schemes mitigate and prevent pollution and flooding. We are undertaking a review on the impact of climate change adaptation and extreme weather events on our estate and operations and this will shape our future programmes.	**High (increasing)**
Hyper saline mine water Due to the hyper saline nature and central location of mine water within the Nottinghamshire Coalfield, potential solutions may be complex and require significant additional funding.	Recent analysis of our extensive monitoring of the Nottinghamshire coalfield demonstrates that the chemistry of the mine water is extremely challenging and will require additional treatment to that normally undertaken. Detailed work is now underway to generate and evaluate options for treatment.	**High (increasing)**
Supply chain An increasingly restricted and competitive labour market, inflation and other factors increases pressure on our supply chain leading to a lack of, or increased costs to, materials and contractors required to deliver our strategic objectives.	We have good visibility of pipeline work and engage early with our suppliers. We continue to monitor and work with stakeholders to maximise the attractiveness of our opportunities and the resilience of supply chains where possible. We continue to work closely with BEIS to communicate and manage cost and funding pressures.	**High (increasing)**

Risks	Update and mitigation	Relative rating
Recruitment & Retention Economic pressure and uncertainty leads to difficulty recruiting and retaining sufficient capability to deliver our strategic objectives and leads to increased costs and delays to delivery.	We have developed and implemented our EDI programme and updated our People Plan and during the year we have continued to refine and develop our new ways of working, with the successful implementation of hybrid working. During 2022-23 we will develop an integrated plan to refresh our approaches to recruitment, resourcing and apprenticeships. Also please refer to supply chain risk mitigation on the previous page.	**High (increasing)**
Incidents The scale or concurrency of critical/major incidents impact on the ability of the Coal Authority to achieve its strategic objectives.	We have taken learnings from the emergency incidents that we manage and created our new Community and Emergency Response Directorate, further strengthening our 24/7/365 incident response capability. We have made the case that the Coal Authority should be a category 2 responder and continue to improve our stakeholder engagement.	**High (stable)**
Cyber security failure World political climate, growing digital dependency, increasingly sophisticated and innovative means of attack leads to a cyber security failure resulting in financial or data loss, disruption to service or damage to reputation.	We continually improve our technical controls. We understand that a positive cyber security culture is key in maintaining an effective defence and we have continued to run training campaigns to promote awareness.	**Medium (increasing)**
Devolution Further devolution and differing priorities of the three nations leads to increased policy differences between the UK, Scottish and Welsh Government in areas relevant to our work, causing inefficiency, uncertainty or reputational impacts.	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.	**Medium (increasing)**

Risks	Update and Mitigation	Relative rating
Data/Information Due to lack of resource or prioritisation of investment, we do not evolve our authoritative data quickly enough, leading to an inability to deliver against our strategic objectives and create value.	During the year we have begun a new data improvement programme which we will continue to develop. We are building our "fit for the future" programme – and we will publish a detailed data and information plan in June 2023.	**Medium (stable)**
Public and partner awareness Ineffective stakeholder engagement and communication strategy leads to stakeholders not having a clear understanding of our remit and activities leading to lost opportunities to improve outcomes on the coalfield and for communities.	We have made the case strongly that the Coal Authority should be a category 2 responder under the Civil Contingencies Act 2004 to BEIS and Cabinet Office and this has been recommended by the Cabinet Office in their CCA04 post implementation report (2022). We will continue to improve our stakeholder engagement to Local Resilience Forum's/ Regional Resilience Partnerships covering the coalfield, and further strengthen our Stakeholder Engagement plans, embedding these within project delivery processes.	**Medium (stable)**
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 cost savings and value creation.	We continue to identify innovative uses for our by-products and generate operational efficiencies. We continue to undertake research and development, develop our licensing processes, and work with partners to progress opportunities for mine water energy schemes. We collaborate with our sponsor department BEIS, British Geological Survey and other organisations to maximise our success.	**Medium (stable)**

Our Community and Emergency Response Director, Julia, with a partner at an emergency response exercise in Cornwall
Photo: Lunar-C Media

Our work in Scotland

We regularly review and refurbish our existing mine water treatment schemes to make sure they continue to protect drinking water aquifers, rivers and streams from pollution and enhance the environment and area for local people.

Over the past year, we've refurbished our mine water treatment scheme on the site of the former Polkemmet Colliery, near Whitburn in West Lothian. The scheme was originally built in 1997 and is a semi-passive scheme which means that the mine water is pumped to the surface and then flows by gravity through the scheme which consists of 3 lagoons and a reed bed. A small amount of hydrogen peroxide is then added to help settle out the iron solids before the water discharges into Cultrig Burn – the local watercourse.

The scheme manages rising water levels within the Polkemmet mining block (approximately 100km^2) which is part of the West Lothian coalfield. Without our intervention the mine water would make its way through old coal workings and break out near the River Almond causing pollution and impact to local invertebrates, fish and other wildlife.

Over the past few years we have seen more extreme weather and higher rainfall in the area which has contributed to faster rises in mine water levels. To manage the risk of pollution we've had to increase pumping and treatment from 67 litres per second to 100 litres per second. This required a rethink to ensure the site can handle this effectively and be resilient for the impacts of climate change in the future.

Working with our partners, JBA Bentley, we designed a more efficient and sustainable scheme with almost 3 times the treatment capacity – making it fit for the future and more sustainable.

The design included modelling to reduce construction carbon and changed aspects of the plant to reduce chemical use – replacing the chemical dosing system with an aeration cascade that allows iron to be removed using more natural processes.

The area will be planted to encourage wildlife and to fit in with the local landscape.

Our year in Scotland

We carried out
1,754
mine entry inspections

We investigated
59
surface hazard reports

Contractors JBA Bentley increasing the capacity and efficiency of our Polkemmet mine water treatment scheme, Bathgate, West Lothian

We delivered
61,680
mining reports

We treated
32 billion
litres of water

We provided
1,200
planning consultation responses

We prevented
798
tonnes of iron solids from entering water courses

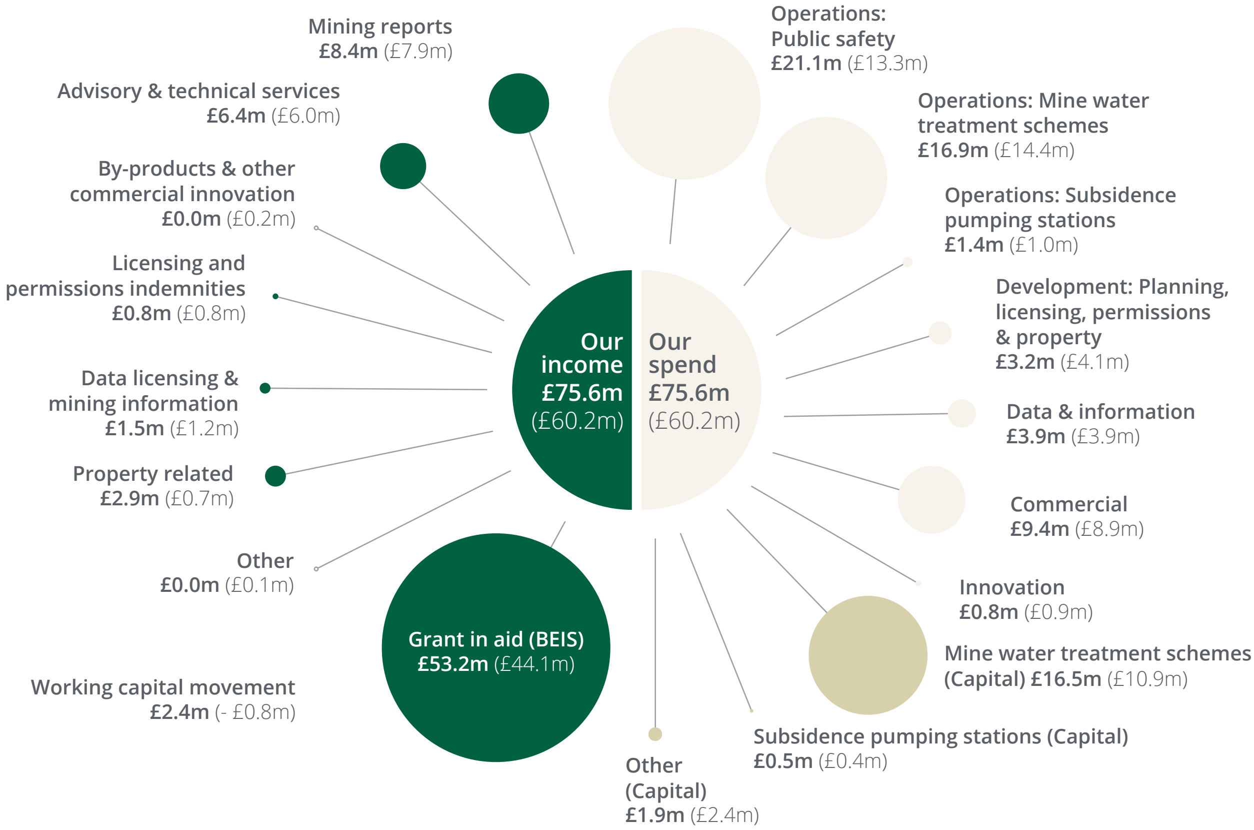
Financial review

We've delivered strongly over the year. 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 continued to grow our advisory services income as we support our partners to understand and manage their risks and provide information and services to help people make informed decisions.

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 £53.2 million (2020-21: £44.1 million) reflecting an increase in the net cost of our operations. This is explained and 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 2021-22

2020-21 figures are shown in brackets



Income of £20.0 million per the statement of comprehensive net expenditure is the total of the income figures above excluding grant in aid and working capital movement.

As we have exited from COVID-19 restrictions we have taken learnings from the period to transition into our ways of working, alongside our suppliers, to improve delivery for our customers and the communities across the three nations that we serve.

Working with our partners we delivered our largest ever annual capital programme to protect watercourses and drinking water aquifers. We increased expenditure to ensure the effective operation of a growing and ageing number of mine water and subsidence pumping schemes. Our ongoing programmes will minimise the future cost of running these schemes by employing innovative uses for our by-products and by generating other operational efficiencies.

Our expenditure on public safety has increased significantly during the period reflecting the work we have done to resolve a number of significant claims and incidents and includes our support of the emergency response at Saltcoats, North Ayrshire and ongoing work to remediate mining features at Skewen, South Wales.

Mining reports income of £8.4 million reflects a £0.4 million increase on prior year, following previous market impacts as a result of COVID-19. Our advisory and technical services work generated income of £6.4 million (2020-21 £6.0 million) reflecting our continued success in delivering with other government organisations. This includes mine water scheme delivery 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 £5,618.0 million. The rationale and methodology for calculating this are shown at note 13 to the financial statements (on page 115). 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 (2021-22). This balance has risen by £3,102.0 million (2020-21: increase of £223.0 million). In line with accounting practice we adjust our cash flows to reflect the time value of money based on assumptions and rates provided by HM Treasury. This year's change in rates has led to an increase of £2,759.0 million (2020-21: reduction of £15.0 million).

Our underlying costs have been updated to include 2 new preventative mine water schemes, recognise that continuing pressure on scheme operating costs, and reflects the trend of managing an increasing number of complex public safety incidents.

Statement of comprehensive net expenditure

Comprehensive net expenditure for the year to 31 March 2022 was £3,149.2 million as compared to £260.9 million in 2020-21. The large difference between the 2 years is driven by the provision movements outlined above. Excluding these provision movements, comprehensive net expenditure for the year was £18.9 million (2020-21: £16.9 million), an increase of £2.0 million.

The reasons behind this movement are outlined below.

Total operating income:

Total operating income, which excludes grant in aid, was £20.0 million (2020-21: £16.9 million) reflecting our ongoing strategy 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.

- Our 44% market share of the mining reports market (2020-21 50%) demonstrates the success of our policy to make our data available and open up the market from a near monopoly position 7 years ago. A modest loss of market share during the year has been more than off-set by an increase in overall property market transactions (2020-21 having initially been affected by COVID-19). Mining reports revenue increased by £0.5

million to £8.4 million, whilst data licensing and mining information revenue increased by £0.3 million to £1.5 million.

- Our advisory and technical services income has risen, by £0.4 million, to £6.4 million. This is driven mainly by our work with Welsh Government to improve the safe management of tips.

- The other change in our income from 2020-21 relates to the sale of properties with increases of £1.0 million from 'clawback' arrangements and £1.1 million profit on disposal of investment properties (see note 4 to the financial statements) This income can be unpredictable as its timing is largely outside of our control.

Expenditure:

- Staff costs of £17.8 million showed an increase of £2.0 million compared to the previous year as we increased headcount in line with our plans to deliver increased front line services to the communities we serve. This includes delivering our largest ever mine water capital programme to protect the environment, providing more advice and technical services to our customers, and to enable the organisation to provide an even more resilient and effective emergency response capability as we deal with an increasing number of complex incidents.

- Purchase of goods and services (not including costs previously provided) increased by £0.6 million to £9.1 million, including increases in supply chain costs that support delivery of advisory and technical services income and an uplift in travel and subsistence costs as we have returned to more normal ways of working post COVID-19 lockdowns.

- Depreciation, revaluation and impairment charges increased by £2.6 million to £12.0 million, reflecting an increase of investment through our mine water treatment scheme programme and the completion of schemes, whereby our accounting policy immediately impairs schemes to nil net book value at the point they become operational.

More information is available in notes 3 (page 102) and 4 (page 103) to the financial statements.

Statement of financial position

The comparative figures for 2020-21 have been restated in certain instances on implementation of the new accounting standard IFRS16: Leases. Detailed information on this standard and its effects on the Financial Statements are included in notes 1.18 (page 92) and 14 (page 121) to the financial statements.

Net liabilities at £5,607.4 million increased by £3,096.0 million (2020-21 restated: £2,511.4 million). Key factors were:

- Provisions against future liabilities increased by £3,102.0 million as a result of the review in provisions outlined above. Further information is available at note 13 (page 115) to the financial statements.

- The increase in property, plant and equipment of £6.6 million to £25.8 million, is driven by investment in mine water schemes within 'assets under construction'.

- Intangible assets have decreased slightly by £0.1 million reflecting an increasing trend towards use of cloud based technology and systems.

- Trade receivables have increased by £1.1 million to £4.7 million, as a result of the timing of invoicing and receipt of payment from one of our government customers.

- Cash and cash equivalents stand at £14.3 million (2020-21: £10.8 million): see the section below on cash flow for details on movements.

- Trade and other payables have seen a significant increase of £5.1 million, with the main driver being an increase in accruals of £7.2 million for public safety expenditure and capital expenditure on mine water schemes, offset by; a reduction of £1.1 million in the security balances carried to discharge liabilities relating to industry claims; £0.6 million reduction relating to the timing of payment of trade creditors; and other movements of £0.4 million.

Cash flow

There was a net increase in cash during the year of £3.5 million. Constituent parts of this movement were:

- The receipt of £53.2 million grant in aid from the Department for Business, Energy and Industrial Strategy (BEIS) (2020-21: £44.1 million). The increase, which is the major movement in our cash balance year on year, is drawdown to cover working capital relating to two 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 £35.7 million (2020-21: £27.9 million). We have spent more this year on our operations, particularly; the emergency response at Saltcoats, North Ayrshire; ongoing work to remediate the mining features at Skewen, South Wales; and a number of other significant public safety claims and incidents.

- A net cash outflow from investing activities of £13.5 million (2020-21: £10.5 million). This relates to the purchase of property, plant and equipment as part of our ongoing programme to develop, build and maintain mine water schemes and subsidence pumping stations, and in the ongoing investment in our information technology and systems. The increased investment is partly offset by £3.0 million of income (2020-21: £0.9 million) from the sale of properties owned or previously owned.

- At 31 March 2022 we held £14.3 million cash (2021: £10.8 million). This includes £1.4 million (2021: £2.2 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

2021-2022 has been another year where everyone working at the Coal Authority has had fresh challenges to meet at work and at home. We have continued to focus on the delivery of services to partners, customer and communities across the three nations in which we work whilst supporting our people and their wellbeing.

We have continued to learn from the changing phases of the pandemic and move forwards towards our 'new normal', are supporting those concerned about rising cost of living pressures and recognise the direct and indirect impacts on our people of global events such as the invasion of Ukraine. We have encouraged the use of our employee assistance programme, continued to prioritise staff engagement, encouraged volunteering and taken practical action where possible such as providing free sanitary products to help address period poverty.

Further investment in our IT infrastructure has allowed our people to use our information and expertise to support customers and deliver services from the office, out on site or at home. We have become used to working remotely while recognising the opportunities and benefits of spending time together and have been creative in bringing people together safely in the office, out on site and with customers and partners.

We worked with colleagues to develop and roll out a new hybrid working framework with categories relating to role type. This recognises that we have always had a remote workforce which allows us to undertake 24/7 emergency response across Great Britain and seeks to strike the balance between flexibility, presence and collaboration – something we know is important to our people and is relevant to any organisation recruiting in the current competitive market. This approach has increased our ability to recruit from communities across the coalfield areas of Great Britain which improves our front line response and engagement.

We've taken learning from last years 'on-boarding' programme for new starters and developed it further to give colleagues the best start to life at the Coal Authority whether they are predominantly field based, office based or hybrid. This has been supported by continued focus on learning and development through formal leadership programmes, coaching and mentoring, technical training and continued professional development.

Our commitment to diversity and inclusion continues. In 2021 we published our latest equality, diversity and inclusion plan – 'A Great Place to Work for Everyone'[†] which sets out the action we will take between now and April 2024 to ensure we can attract people from all backgrounds to work with us, enhance our inclusive and wellbeing centred culture and deliver effective and empathetic services for the diverse communities we work with.

As part of this we have listened to colleagues and voices across our business and sector and worked with partners such as the Institute for Environmental Management & Assessment diversity network of organisations across the environment sector to develop and publish our anti-racism plan[††]. This will challenge us to continue to improve our policies, processes and approach to be a more actively anti-racist organisation and help us to attract and retain more people from ethnically diverse backgrounds who are currently under represented in our organisation.

† https://www.gov.uk/government/publications/coal-authority-equality-diversity-and-inclusion-strategy-2021-2024

†† https://www.gov.uk/government/publications/coal-authority-antiracism-plan-2022-to-2025

Bea, our Customer Services Receptionist at our offices in Mansfield, Nottinghamshire

This year we published our third Gender Pay gap report[¶] and we can now compare data across 3 years which shows we are moving in the right direction overall with the mean gender pay gap reducing by 1.97% since 2018-19 and the median by 5.28%.

Progress this year has slowed with our mean gender pay gap reducing by 0.04% and the median reducing by 0.28%. This was impacted by reduced recruitment during the pandemic. We are pleased to have seen more women progressing through our grades and into more management and senior roles – a 6.63% increase of women in the upper middle quartile. Our gender pay gap for 2021 is a mean of 19.93% and a median of 26.21% and the report shows how we will continue to take action to reduce this.

This year our pay gap report also includes ethnicity, disability and sexual orientation information. The accuracy of these calculations are impacted by low representation in our organisation and by low self-disclosure rates (which we are working on) but we believe that the information is still useful and that greater transparency will help us to make stronger progress.

We have continued our work in response to the last full people survey we conducted in 2019 with particular focus on improving work life balance, tackling bullying and harassment and creating a clearer narrative for our people following change in a number of areas since 2018. The next full survey takes place in 2022 but we undertook a pulse survey during 2021 with 87% of colleagues responding. This showed improvements in many key areas including work life balance and clearer line of sight between individuals and the organisation's objectives. We continue our focus on understanding and addressing bullying and harassment in all its forms and ensuring that everyone feels safe to report any concerns.

We are reviewing all of our people policies on a planned basis and this year focused on our 'family friendly' policies, working with our colleague networks and seeking best practice across the public sector to make them as clear, inclusive and supportive as possible.

We have also increased our support to colleagues by providing the new EdenRed benefits portal which provides health and wellbeing discounts and money off at a range of retailers.

[¶] https://www.gov.uk/government/publications/coal-authority-gender-pay-gap-report-2021

Our work in England

2021 saw great progress in the remediation of a complex site in Cumbria so that the site can now be used for the benefit of the local community.

This follows several years of work with homeowners and the local community which was impacted by delays caused by lockdowns and restrictions during the COVID-19 pandemic.

In November 2018, a local homeowner called Allerdale Borough Council to report a dip in the living room floor of their property. After removing some of the floorboards, the council found a large void and due to the area being well known for its coal mining past asked us in to investigate. Our records showed a recorded mine shaft over 100 years old in the local area.

Ground investigations found that the void inside the property was the recorded mine shaft. The mineshaft opening was approximately 20 metres below ground level with soft, sandy unstable gravel material between ground level and the shaft opening which threatened the stability of several properties on either side of the one initially reported.

We worked closely with the homeowners affected to provide support and arranged to purchase 7 properties at full market value so that the residents could move forwards with their lives while we undertook our work.

These properties were carefully demolished to minimise impact to adjacent properties. The surrounding and adjacent properties were constantly monitored throughout the demolition phase to provide reassurance that they were not being affected by our works.

The site was very compact with narrow streets and close community engagement was essential throughout the project. We worked closely with Mark Jenkinson, the local MP, the Parish Council and Allerdale Borough Council to keep everyone updated. We also held a public meeting and issued 6 newsletters throughout the project.

Once the homes were demolished the priority was to stabilise the mine shaft and the ground around it. To do this safely we worked with our contractors to install a 27 metre long safety platform across the mine shaft and the area around it. This allowed us to drill and confirm the exact location and dimensions of the shaft to inform the final design for the repair work and showed that the shaft was 120 metres deep.

The mine shaft was repaired by drilling and injecting 517 tonnes of cement grouting material directly into the mine shaft. To stabilise the sandy gravel material above the mine shaft we injected 2,300 litres of resin and cement grout material to make sure the ground was fully stabilised.

The mine shaft and surrounding area are now permanently secured and safe for the future.

We are in discussions with the MP and the councils about the future use of the site to ensure that it can be used in the best way possible for the needs of the local area.

Coal Authority contractors demolishing a house sensitively to minimise impact on local residents

Our year in England

We carried out
5,985
mine entry inspections

We investigated
331
surface hazard reports

We delivered
119,332
mining reports

We provided
7,567
planning consultation responses

We treated
81 billion
litres of water

We prevented
2,713
tonnes of iron solids from entering water courses

Health, safety and wellbeing

We worked proactively to respond to changes in covid-safe guidance across the 3 nations we serve and ensure that we were able to continue to undertake front line work safely in communities and give customers and partners confidence in working with us in their homes or on site.

Our Mansfield office remained open for those who had any concerns about working safely from home and we ensured that high standards for site offices and welfare facilities were in place. 74.4% of colleagues agreed that we provide good support for Health, Safety and Wellbeing (HS&W) in our 2021 pulse survey.

We worked with colleagues and partners to develop and publish our new Health, Safety and Wellbeing plan that builds on our strong health and safety record and sets out the actions we will take to April 2025 to support our people, our supply chain and the public. Next year we will roll out a new online health, safety and wellbeing management system to support this approach, which will improve our use of data, allow us to take timely, informed action to further reduce risk and simplify reporting for our people, partners and supply chain.

Our 2021-22 statistics reflect the increased amount of operational work we've been able to do compared with the more severe impacts of lockdowns in 2020-21. This has led to increased numbers of site inspections and increased reporting of health, safety and wellbeing observations – both those potentially unsafe (which facilitate learning and reduce accidents) and good practice which can be shared and celebrated. We have seen a small rise in accidents including one RIDDOR reportable accident related to the accidental release of hydrated lime at Wheal Jane mine water scheme. These have been thoroughly investigated with the root cause identified and action taken and shared with our supply chain to prevent a recurrence.

Measure	2021-22	2020-21
HS&W observations – potential unsafe acts (staff and contractors)	2,407	959
HS&W observations – good practice examples (staff and contractors)	281	320
HS&W inspections (staff)	218	140
Accidents – no time lost (staff and contractors)	7	6
Accidents – lost time (staff)	1	0

Our work to enable community benefit

We work with others across Great Britain to enable the regeneration of coalfield areas for the benefit of local communities.

One example of this is our work with Scottish Government, Midlothian Council and Shawfair LLP to support the development of a 'new town' on the former Monktonhall Colliery in Midlothian, Scotland which will have a focus on sustainability and community identity.

The former Monktonhall Colliery and surrounding brownfield land, south-east of Edinburgh has been in our ownership since the colliery closed in 1997. In 2018 we joined a local land forum to look at how the land could be repurposed to benefit the local community.

The proposed new development will create 4,000 new homes, commercial space, amenities including a school and offices as well as a network of cycle and walking paths to help bring the community together. The new venture will have excellent links to Edinburgh with Edinburgh Waverley station 15 minutes away.

We are transferring some of our land to enable necessary infrastructure to be built. Our approach allows us to demonstrate value for the taxpayer and to support the development of a new community where it is needed.

We'll continue to work with project partners to see where our remaining land could be of benefit and to encourage the use of mine water heat which would be a low carbon, sustainable, cost effective and secure heating resource for homes and businesses across the new town and provide a clear link with the heritage of the site. This would use the Shawfair District Heat Energy Project.

Artists impression of the new low carbon community in Midlothian. *Photo: Shawfair LLP*

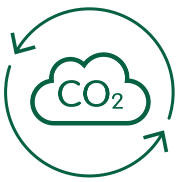
Sustainability and the environment

We've made further progress on our journey to achieve net zero carbon by 2030 by baselining our emissions and identifying particular challenges which need further investigation. We've focussed on identifying and improving our data collection, monitoring and measurement so that we fully understand our impacts and are able to take action to minimise them.

As part of this we have evolved our reporting to better show our progress and align with the UK Greening Government Commitments. These are baselined at 2017-18. You will see our new reporting on the following pages.

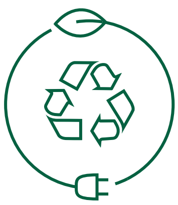
Sustainability is a key theme in our new business plan and has clearly shaped our thinking for the next three years as well as our 10 year vision which is included in the plan. To underpin this we are finalising a new sustainability plan which we will be publishing this autumn and shows how we will take action to deliver our wide ranging sustainability goals for people, nature and the climate.

During 2021-22 we have:



Reduced the carbon of our business travel including using more vehicles that are zero or ultra low emissions

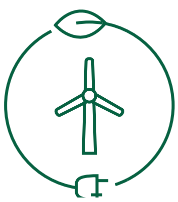
Reduced the carbon intensity of our operations by using less gas and oil for generators



Recycled 86% of our waste

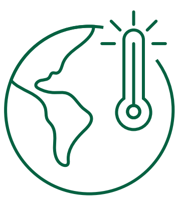
Further increased the composting and agricultural use of our reedbed and wetland residues with 90% now avoiding disposal

Baselined our single use plastic reporting so that we can develop plans to reduce and eliminate their use



Used our renewable power generation for more of our own use and to export decarbonised energy to the grid

Improved the water efficiency of our Mansfield Head Office



Developed a new sustainable procurement policy which includes social value principles and commits to 30% of contractual spend with SMEs

Published our modern slavery statement

Our greening government commitments

You can read more about the UK Greening Government Commitments (GGC) here†
*2017-18 is our baseline year.

Power	2021-2022	2020-2021	2017-2018*	
Power generated through our direct use of fossil fuels (kWh)	1,337,849	2,476,541	4,151,179	Liquefied petroleum gas (LPG) and fuel oil
Total Greenhouse Gases (GHG) emissions from the direct use of fossil fuels (tCO2e)	341.08	633.431	1,141.29	We are using less fuel oil (diesel for generators on site) following a switch to grid connections for our pumping tests
GHG emissions head office from the direct use of fossil fuels (tCO2e)	12.49	11.9	13.70	
Purchased electricity (kWh)	27,009,063	28,385,841	20,494,016	We are using more energy from pumping more water at additional locations. GHG emissions are lower overall due to lower grid GHG intensity and because we are using more of our own renewable power
Total GHG emissions from purchased electricity (tCO2e)	6,242.33	7,187.01	7,878.51	
GHG emissions head office from purchased electricity (tCO2e)	257.61	267.38	364.94	
Renewables generated (kWh)	1,359,417	1,362,719	189,966	
Renewables used (kWh)	883,224	835,100	165,501	
Renewables exported to the grid (kWh)	476,193	527,619	24,465	We are supporting grid decarbonisation through export of green energy. The grid is cleaner through the use of more green energy
Carbon intensity (kgCO2e/kWh)	0.225	0.247	0.364	
Total head office power related GHG emissions (tCO2e)	**270.10**	**279.28**[1]	**378.64**	
Total power related GHG emissions (tCO2e)	**6,583.41**	**7,820.44**	**9,019.80**	
Total expenditure on energy use	**£5,497,513.14**	**£4,902,496.84**	**£4,348,855.17**	

[1] value from 2020-2021 amended from that reported in last year's annual report and accounts owing to better data gathering and using average grid carbon intensity in accordance with GGC, rather than that from our lower carbon intensity supplier.

Fugitive emissions	2021-2022	2020-2021	2017-2018*	
Refrigeration and Aircon (tCO2e)	34	New system installed	6	Leak in aircon detected and rectified, but resulted in additional emissions

† https://www.gov.uk/government/collections/greening-government-commitments

Business related travel	2021-2022	2020-2021	2017-2018*	
Kilometres (km) travelled	1,372,251	2,201,861	1,799,174	We're updating our travel policy to better integrate sustainability and directly support a reduction in emissions. We are travelling more after the pandemic but our carbon intensity is less as we use lower carbon forms of transport
Number of flights	0	0	73	
GHG emissions (tCO2e)	229.06	385.63	305.9	
Intensity (tCO2e/100,000km)	16.69	17.51	17.00	
Total expenditure on travel (domestic and international)	£305,191.76	£236,317.00	£354,537.00	
% fleet vehicles that are ultra low emission or zero emission vehicles (hybrid or full electric)	26.3% (average) 37% (year-end)	28%	0%	We are changing our fleet policy and mix to fully transition to zero emission vehicles by 2027

Resources – water use	2021-2022	2020-2021	2017-2018*	
Water use (m^3) – head office	484	478	1,910	A leak at Frances mine water treatment scheme increased water use last year. We have improvements to make in data gathering to support our water management and reduction plans
Mine water sites	3,435	3,075[2]	3,075[2]	
Total expenditure on water	£46,068.02	£15,851.14	£65,259.32	

[2]estimate from average usage

Resources – paper use	2021-2022	2020-2021	2017-2018*	
Paper use (reams A4 equivalent)	348	60	718	Paper use has more than halved during remote and hybrid working. More work is needed to maintain progress and further reduce paper use

Waste	2021-2022	2020-2021[3]	2017-2018*	
Total waste (tonnes)	30,383	-	1,417	Our reedbed / wetland maintenance wastes are mostly composted, reused or recycled. We have challenges with ochre materials from our lagoons and chemical dosing treatment plants and more to do on our office and operational wastes
Head office waste recycled (tonnes)	2.88	-	12	
Waste recycled (tonnes)	27,325	-	0	
Head office waste to landfill (tonnes)	0.45	-	6.9	
Waste to landfill (tonnes)	3,058	-	1,405	
Waste incinerated (energy from waste) (tonnes)	0	0	0	
ICT waste	0	0	0	We reuse, repurpose or recycle our ICT equipment
% head office waste to landfill	14%	-	37%	
% waste to landfill	10.1%	-	99.2%	
Total expenditure on waste disposal	£4,264.71	-	£3,175.71	

[3] Waste data is not readily available for 2020-2021 owing to changes in systems

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

Lisa Pinney MBE
Chief Executive and Accounting Officer
13 July 2022

Charlotte, Principal R&D Manager – Mine Heat in our Heat and By-Product Innovation department

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 2022. 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 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 Directives.

Review of operations

The chief executive's report on pages 12 to 15 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 and 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 had a significant impact in 2021-22 (increase of £2,759 million compared to decrease of £15 million in 2020-21). Please refer to note 13 to the accounts (page 115).

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.

Post balance sheet events
We've no post balance sheet events requiring disclosure.

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' (page 38).

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 are 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 (page 87) 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 on provides further details of our information risk management activities.

Long term expenditure trends
Long term expenditure trends are reviewed by the directors as part of the annual review of provisions. Please see note 13 to the accounts (page 115).

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 £80,500. 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 68 requests (FOIA, EIR and Subject Access Requests) during the year and answered all in accordance with the deadlines and standards set by the ICO. No requests went to appeal.

We received 45 letters from Members of Parliament, 5 from Members of the Scottish Parliament and 4 from Welsh Senedd Members.

We received 15 complaints from members of the public and other customers. 2 complaints were referred to the Ombudsman. All other complaints were dealt with under our complaints procedure and resolved within the organisation. 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 2021-22.

Executive Directors

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

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
- reappointed to 31 March 2025

David Brooks
Non-Executive Director
- appointed as Board Director from 1 April 2022 to 31 March 2025

Gemma Pearce
Non-Executive Director
- appointed as Board Director from 1 April 2016 to 31 March 2019
- reappointed to 31 March 2022

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

Our governance statement explains the governance, risk management and control arrangements we have in place to ensure achievement of the Coal Authority's objectives. It concludes that these remain effective and that the Coal Authority continues to develop and manage its 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 are committed to high standards of corporate governance. We work within a framework document that is reviewed and agreed periodically with the Department for Business Energy and Industrial Strategy (BEIS). The latest version of this can be found here†. It sets out the purpose of the Coal Authority, the core elements of our relationship with BEIS and the framework within which we operate.

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

† https://www.gov.uk/government/organisations/the-coal-authority/about/publication-scheme

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 2021-22 the Coal Authority had 7 directors (4 non-executive and 3 statutory executive).

In February 2022 David Brooks was appointed to succeed Gemma Pearce as Non-Executive Director and Chair of the HR & Remuneration Committee. David's formal tenure begins on 1 April 2022 and he attended the February and March 2022 meetings of the board as an observer. 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.

As COVID-19 restrictions have lifted we have moved to an approach with some board and committee meetings held in person and some by use of video-conferencing, using our learnings from the period of COVID-19 restrictions to obtain the benefits from a hybrid approach.

			Number of meetings (held) and attended			
			Board (10)	ARAC* (5)	HR and Remuneration (4)	SHE** (3)
Non-executive directors	Jeff Halliwell	Chair of Board	10	N/A(1)	4	3
	Gemma Pearce	Chair of HR and Remuneration committee	10	5	4	2
	Steve Wilson	Chair of SHE committee	8	5	4	3
	Jayne Scott	Chair of Audit and Risk Assurance Committee	9	5	3	3
Statutory executive directors	Lisa Pinney MBE	Chief Executive	10	5(2)	4	2
	Paul Frammingham	Chief Finance and Information Officer	9	5(2)	2(2)	N/A(1)
	Carl Banton	Operations Director	10	N/A(1)	3(2)	3

* Audit and Risk Assurance Committee
** Safety, Health & Environment
(1) The director is not a member of this committee.
(2) The director is not a member of this committee but attends by invitation.

The innovation and engagement director, people and resource director, community and emergency response director (who joined the Coal Authority in November 2021) and head of legal and governance attended the board by invitation. Other senior managers attend the board and/or committees 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 a corporate scorecard showing achievement 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 and the terms of reference for the board's sub-committees
- 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. Where appropriate and when restrictions have allowed individual board members have made covid-secure site visits. During 2022-23 periodic, structured board site visits will recommence at our sites across the nations we serve.

In October 2021, the board held strategy sessions at its Mansfield office to review progress against its business plan and review the organisation's strategic priorities for the next business planning period.

During April 2021, a session was run with an external facilitator to examine how the change of chair may affect the board's balance of work preferences and collective strengths. A similar review is planned for autumn 2022 following the change of a non-executive director.

The board considers that it has substantively achieved its objectives and has continued to operate effectively during 2021-22 and sees value in regular reviews of its performance and objectives which ensures that they remain current and up to date.

During April 2022, Cabinet Office published guidance on arm's-length body board effectiveness reviews and the principles contained within this will inform our future programme of reviews.

Audit and Risk Assurance Committee (ARAC)
The Coal Authority's ARAC is chaired by Jayne Scott, Non-Executive Director, who has recent, relevant financial experience.

The 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 one committee meeting was observed separately by a member of the BEIS ARAC.

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 5 times during the year and held 2 additional workshops which focused on the Authority's capital investment programme for its mine-water treatment programme and the detailed assumptions used to generate its financial provision (see note 13 to the accounts) (page 115).

During the year the committee:

- 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
- received regular updates on the risk management and assurance framework, fraud prevention strategy and the Coal Authority's work to manage cyber risk
- reviewed internal audit reviews undertaken by GIAA including:
    - Recruitment and retention
    - Key financial controls
    - Risk management and assurance mapping
    - Mine water projects
    - Customer service standards

The internal audit opinion for 2021-22 offered management a 'moderate' level of assurance over the adequacy and effectiveness of the framework of governance, risk management and internal controls of the organisation with no high risk recommendations identified from the internal audit reviews during the year.

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 all 4 non-executive directors and the chief executive. During 2021-22 the committee was chaired by Gemma Pearce. The people and resources 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 2020-21 to ensure the equitable distribution of performance related pay
- reviewed the pay remit principles prior to submission to government
- discussed the approach to manage the diversity pay gap and associated reporting
- commenced a review of the Authority's HR policies
- discussed and agreed the publication of the organisation's 'Great Place to Work for All' strategy

- discussed and reviewed proposals for the introduction of a hybrid model and framework for new ways of working
- reviewed people related management information and analytics for areas such as absence, employee retention, recruitment and EDI
- discussed the ongoing development of the organisation's learning and development programme

Safety, Health and Environment (SHE) committee

The SHE committee is chaired by Steve Wilson. Membership of the committee includes all of the non-executive directors of the board; chief executive; operations director; people and resources director; head of health, safety, wellbeing and facilities; sustainability manager; head of people and organisation development and chair (or alternate member) of the staff safety, health, environment and wellbeing (SHEW) group.

The committee's main responsibilities are to provide oversight of the Coal Authority's health, safety and wellbeing plan and sustainability plan, 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, and wellbeing and on environmental and sustainability performance to gain assurance on how the organisation is performing and to set the priorities.

The committee has met 3 times during the year, with one meeting including a site visit to Cwm Rheidol a metal mine complex in Ceredigion, Wales. The committee has 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 Operations risk deep dive
- Mining Regulations and their application to the Authority's activities
- the Authority's future approach to environmental compliance
- progress against the previous sustainability strategy and the development of our new sustainability plan including priorities for 2022-23

Performance management – executive leadership team

The executive leadership team (ELT) comprises the chief executive, the chief finance and information officer, the operations director, the people and resources director, the innovation and engagement director and the community and emergency response director (from November 2021) all of whom report directly to the chief executive, as well as the head of legal and governance who reports to the chief finance and information officer. In addition, during the period September 2021 – January 2022, a supplementary operations director role was created and joined the ELT to enable a greater focus on the remediation activities following the flooding incident at Skewen, Wales in January 2021.

All of the directors are responsible for the leadership and delivery of their directorates, and are also collectively responsible for 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.

Fortnightly business meetings, held by video-conference during 2021-22 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 and 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

The ELT periodically hold less formal meetings with a strategic focus. These were held in person from September.

2. 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) (page 115) as well as providing a framework for our detailed budget setting and medium term business planning.

3. Risk management

3.1 Embedded risk management and culture

We have continued to make substantial progress in improving our risk management and assurance processes, promoting a strong risk management culture supported by the risk management and assurance framework (RMAF) to promote real time reporting and conversations across all levels of the organisation.

The RMAF is embedded across all directorates and supported by our risk and assurance manager.

Evidence of our embedded risk management culture includes:

- whilst COVID-19 has continued to impact the organisation we have proactively managed and mitigated throughout the year to ensure we continue to deliver our statutory duties and monitor the health, safety and wellbeing of our employees

- continued board and ELT focus on strategy and key risks
- ongoing, live interaction between our managers, ELT members and board members that promotes an understanding of the board's risk appetite and risk management good practice
- continued explicit incorporation of risk appetite into our discussions and decision making through the investment and opportunities board framework
- processes that ensure, in line with our framework of strategic control, any issue or project that falls outside the board's risk appetite is considered by the board
- a risk register that is live, regularly updated and subject to quarterly management sign off, periodic audit committee, ELT and business team review
- a risk management survey to determine a baseline of the risk culture and risk management maturity of the organisation, supported by a prioritised plan of activities to drive continuous improvement
- Ongoing communication of the RMAF, increased engagement and high levels of engagement at risk management workshops

3.2 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.

Whilst the impact of COVID-19 has seen no material change to the organisation's residual information security risk assessment, the current global issues have led to a heightened cyber security threat being declared by the National Cyber Security Centre (NCSC).

We recognise that a positive cyber security culture is key to maintaining an effective defence. 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 through ongoing cyber awareness training, blogs and phishing campaigns to ensure that staff can recognise threats.

We have an appropriate risk assessment, information risk management and data protection policy and an information asset register. We have increased our proactive monitoring of the threat landscape and promote awareness of threats to our supply chain.

We continue to manage our overall information risk using appropriate technical controls, processes, procedures and training. We continually 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.

3.3 Risk assessment

As part of the 3 year business planning process the board and ELT with business managers have undertaken horizon scanning activity to identify the key threats and opportunities which could potentially impact achieving our objectives. Further explanation of the risks and control measures is provided in the strategic risks section of the performance report.

We do not attempt to eliminate risk but pursue opportunities to make a better future for people and the environment by 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.

4. Other considerations

4.1 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.

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

We are 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. These 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.

4.3 Preventing modern slavery

We have strengthened our assessment and approach to tackling modern slavery within our supply chain and have published our first Modern Slavery statement.

5. Robust and continually improving control environment

As outlined in the performance report, our organisation has continued to grow and change as we manage larger and more complex programmes of work to keep people safe, provide peace of mind and protect and enhance the environment. Through 2021-22 we have continued to manage the emergency incident at Skewen, and have implemented our learnings from this and other large incidents to create a community and emergency response directorate.

During the year we have continued to embed our new risk management and assurance framework which is promoting an even stronger risk management culture, improve our counter fraud awareness and develop our action plan, and strengthened cyber risk policies and controls. We have also continued to improve the consistency of project management across the organisation to ensure it is dynamic and can flex based on scale and risk.

As COVID-19 restrictions have lifted we have implemented a structured hybrid working approach that builds on our learnings from the lockdown period and best enables us to provide our services across the nations we serve. Despite changes in the way the organisation has worked over the last 2 years during and following COVID-19 restrictions, systems and governance processes have consistently remained effective and the Coal Authority's critical activities have continued to be delivered well.

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

6. 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 2022 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 illustrated in the diagram, 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.

We recognise that governance, risk and internal control will always require continuous improvement and we will continue to evolve and develop in line with best practice in the year ahead.

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. Following senior civil service guidance, no pay award was made to executive directors or staff in 2021-22.

The Trade Union (Facility Time Publication requirements)

Under the above regulations the Coal Authority is required to provide details of Trade Union Time. For 2021-22, there is no activity to report.

Staff turnover

31 employees left the organisation during the year, a percentage of 10.33%, compared to a percentage of 8.34% in 2020-21. It is difficult to draw conclusions in these years as both are likely to have been influenced by COVID-19 and associated restrictions. As highlighted in the performance report, our COVID-19 response in both years focused heavily on employee health and wellbeing.

Staff sickness absence

Overall average working days lost per staff year was 5.6 days as against 3.2 days for 2020-21.

This increase is attributed to a number of cases of COVID-19 and other infectious diseases like cold and influenza as government lockdown restrictions were lifted. We continue to encourage colleagues not to work if they are ill and not to attend the office if they may be contagious. Colleagues who have extended periods of absence are supported in their return to work through occupational health assessments and the use of our Employee Assistance Programme.

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 4 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 2021-22 was approved by BEIS in January 2022.

PRP is earned based on a corporate award so that it reflects both corporate and individual performance against objectives. Corporate performance for 2021-22 has been assessed by the board at 100% and PRP has been awarded accordingly.

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:

	Date of continuous service	Notice entitlement to be given by the Coal Authority
Lisa Pinney MBE	1 June 2018	6 months
Paul Frammingham	6 May 2008	6 months
Carl Banton	5 January 2004	6 months

The notice period to be given by a director to the Coal Authority is: by the chief executive, 6 months, and by the remaining executive directors, 3 months.

Non-executive directors' remuneration

Non-executive directors have been appointed by BEIS in line with the Code of Practice issued by the Commissioner for Public Appointments. Their terms of engagement and remuneration are 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	2021-22 £	2020-21 £
Jeff Halliwell (1)	31 March 2024	27,050	2,818
Gemma Pearce	31 March 2022	11,666	11,666
Steve Wilson	31 March 2023	11,666	11,666
Jayne Scott	31 March 2025	11,666	11,666
David Brooks(2)	31 March 2025	1,944	-
Stephen Dingle	31 March 2021	-	27,050

(1) In February 2021 our new chair, Jeff Halliwell was appointed to succeed Stephen Dingle. Jeff's formal tenure as Chair began on 1 April 2021 and he attended the February 2021 and March 2021 meetings of the board.
(2) In February 2022 our new non-executive director, David Brooks, was appointed to succeed Gemma Pearce. David's formal tenure begins on 1 April 2022 and he attended the February 2022 and March 2022 meetings of the board.

Executive directors' remuneration

	Salary £000		Allowance £000		PRP £000		Pension benefits £000		Total £000	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Lisa Pinney MBE	135-140	135-140	-	-	15-20	15-20	54	54	210-215	205-210
Paul Frammingham	90-95	90-95	10-15	10-15	10-15	10-15	39	39	160-165	155-160
Carl Banton (1)	80-85	0-5	5-10	0-5	5-10	0-5	98	2	195-200	5-10

(1) Carl Banton was appointed by BEIS as a statutory director on 22 March 2021. The comparative figures stated for Carl are for the period 22 March to 31 March 2021. The full-year pension effect of Carl's promotion to the statutory director role is expressed in the 2021-22 column as this is when it was transacted by the Civil Service pension administrator.

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 and responsibility allowances in both years for Paul Frammingham and a responsibility allowance in both years for Carl Banton.

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. Carl Banton has participated in this scheme in 2021-22.

No executive directors received any benefits in kind during 2021-22 or 2020-21.

Executive directors’ pension entitlements

	Accrued pension at pension age at 31 March 2022 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2022 £000	CETV at 31 March 2021 £000	Real increase in CETV £000
Lisa Pinney MBE	10-15	2.5-5	135	97	25
Paul Frammingham	30-35	0-2.5	391	353	20
Carl Banton	25-30	5-7.5	552	425	97

(1) Carl Banton was appointed by BEIS as a statutory director on 22 March 2021. The comparative figures stated for Carl are for the period 22 March to 31 March 2021. The full-year pension effect of Carl’s promotion to the statutory director role is expressed in the 2021-22 column as this is when it was transacted by the Civil Service pension administrator.

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 previous column). 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 2021-22, employers' contributions of £3,162,000 were payable to the above schemes (2020-21: £2,819,000) at one of 4 rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands (2020-21: 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. 8 (2020-21: 4) employees were enrolled in partnership accounts in the year and the total amount of contribution was £35,475 (2020-21: £18,969).

There were no early retirements on ill health grounds in either 2021-22 or 2020-21.

Colleagues from our People & Organisational Development team at our offices in Mansfield, Nottinghamshire

Average number of persons employed

Department:	2021-22 Staff	2021-22 Other	2021-22 Total	2020-21 Staff	2020-21 Other	2020-21 Total
Development & Information	64	1	65	56	1	57
Operations	109	5	114	93	2	95
Commercial & Innovation	34	1	35	33	1	34
Information Technology	35	2	37	32	2	34
Corporate Management & Services	58	2	60	50	2	52
Staff numbers	**300**	**11**	**311**	**264**	**8**	**272**

Average number of persons employed as analysed above is consistent with the Coal Authority's organisational structure for both years and reflects growth in emergency response and externally funded work.

7.7 full time equivalent persons were charged to capital projects during 2021-22 (2020-21: 7.8).

Staff and related costs

Staff costs comprise:	2021-22 Staff £000	2021-22 Other £000	2021-22 Total £000	2020-21 Staff £000	2020-21 Other £000	2020-21 Total £000
Wages and salaries	12,437	-	12,437	11,014	-	11,014
Social security costs	1,382	-	1,382	1,207	-	1,207
Other pension costs	3,162	-	3,162	2,819	-	2,819
Agency staff costs	-	773	773	-	773	773
Total staff costs	**16,981**	**773**	**17,754**	**15,040**	**773**	**15,813**

Staff composition

As at 31 March 2022	Non-executive directors	Executive leadership team	Senior managers	Staff	Total
Male	3	4	15	171	193
Female	2	3	6	128	139
Total	**5**	**7**	**21**	**299**	**332**

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 and an anti-racism plan which focus 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

2021-22 (2020-21 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 (0)	0 (0)
£50,000 - £100,000	0 (0)	0 (1)	0 (1)
Total number of exit packages	**0 (0)**	**0 (1)**	**0 (1)**
Total cost - £000	**0 (0)**	**0 (85-90)**	**0 (85-90)**

During 2021-22 no redundancy or other departure costs were paid (2020-21: £85,000-£90,000, to a single leaver). Exit costs in 2020-21 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 2021-22 or 2020-21.

Reporting of high paid off-payroll appointments

Highly paid off-payroll worker engagements as at 31 March 2021, earning £245 per day or greater:

	No.
Existing engagements as of 31 March 2022	**5**
Of which, have existed for (at time of reporting):	
less than 1 year	4
between 1 and 2 years	-
between 2 and 3 years	1
between 3 and 4 years	-
4 or more years	-

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater:

	No.
No. of off-payroll workers engaged during the year ended 31 March 2022	**10**
Of which:	
not subject to off-payroll legislation	10
subject to off-payroll legislation and determined as in-scope of IR35	-
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	n/a

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 2021 and 31 March 2022:

	No.
Existing engagements as of 31 March 2022	
Number of off-payroll engagements of 'board members, and/or senior officials with significant financial responsibility' during the financial year	-
Number of individuals that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure includes both off-payroll and on-payroll engagements	13

Consultancy expenditure for the year was £nil (2020-21: £nil).

Pay multiples

The banded remuneration of the highest paid director in the Coal Authority in the financial year 2021-22 was £155,000 to £160,000 (2020-21: £155,000 to £160,000).

No pay award was made in 2021-22, hence there was no substantive change between the salary of the highest paid director and the employees of the entity taken as a whole. In 2020-21 the average pay award was 2.0%, for both directors and staff, and hence there was no substantive difference between that for the highest paid director and the employees of an entity taken as a whole.

The average percentage change in the performance related pay of the employees of the entity as a whole was an increase of 15%, as compared to that of the highest paid director of an increase of 11% (2020-21: decrease of 11% for employees as a whole, decrease of 10% for the highest paid director). The major drivers for the differences in these ratios were:

2021–22

- a different methodology was used to award performance related pay during the COVID-19 lockdown year of 2020-21, when there was a lower assessment of organisational performance targets met.
- the performance related pay for the highest paid director is capped.

2020–21

- performance related pay is linked to personal performance. In a year where the highest paid director is awarded a higher performance score than the average employee, the change for the highest paid director will be more beneficial, but limited by the cap mentioned above.

In 2021-22 and 2020-21, no employee received remuneration in excess of the highest paid director. Remuneration ranged from £18,182 to £160,000 (2020-21: £17,565 to £160,000).

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 ratio of the highest paid director's remuneration to that of the employee at the 3 quartiles is as below:

Year	25th percentile	Median	75th percentile
2021-22	5.0	3.7	3.0
2020-21	5.1	3.7	3.0

We work hard to ensure our staff are properly rewarded for the work they do.

The figures upon which these calculations are based are:

Year	25th percentile		Median		75th percentile	
	Total pay and benefits	Salary	Total pay and benefits	Salary	Total pay and benefits	Salary
2021-22	31,248	30,000	43,150	39,612	52,244	49,062
2020-21	30,914	29,278	42,262	40,000	52,349	45,822

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 losses or special payments in excess of £300,000, or any gifts during 2021-22.

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, as outlined at notes 2 (page 97) and 4.1 (page 103) of the financial statements, are explained below.

Commercial & Innovation operating segment includes the provision of mining reports which generated income of £8,350,000 (2020-21: £7,906,000), costs of £4,001,000 (2020-21: £4,866,000), and a surplus of £4,349,000 (2020-21: £3,040,000). 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 & Innovation includes the provision of advisory and technical services which generated income of £6,371,000 (2020-21: £5,956,000), costs of £6,297,000 (2020-21: £5,914,000) and a surplus of £74,000 (2020-21: £42,000). The financial objective for the provision 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 proportion of income as a result of full cost recovery is in excess of 99% for both financial years, reflecting the continued provisions of services to our customers across government as we support them in the delivery of key programmes.

Development & Information includes the provision of data licensing and mining information which generated income of £1,531,000 (2020-21: £1,197,000), internal recharges of £1,917,000 (2020-21: £1,788,000), costs of £3,017,000 (2020-21: £4,532,000) and a surplus of £431,000 (2020-21: deficit of £1,547,000). The financial objective for the provision of data licensing and mining information is full cost recovery plus an allowance for overhead recovery.

Development & Information includes the provision of licensing and permissions activities which generated income of £767,000 (2020-21: £769,000), costs of £1,070,000 (2020-21: £934,000) and a deficit of £303,000 (2020-21: deficit £165,000). 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 (page 125) to the accounts: Contingent Liabilities and in note 13 (page 115) 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 (page 87) 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
13 July 2022

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 2022 under the Coal Industry Act 1994.

The financial statements comprise the Coal Authority's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

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 2022 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Coal Industry Act 1994 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Emphasis of Matter

I draw attention to the disclosures made in notes 1.20 and 13 to the financial statements concerning the uncertainties inherent in the provisions in respect of Mine Water Treatment, Public Safety and Subsidence Claims and Subsidence Pumping Stations, totalling £5,379.0 million as at 31 March 2022 (2021: £2,458.0m). As set out in the notes, given the long-term nature of these liabilities and the number and nature of the assumptions on which the estimates of the provisions are based, management has needed to make significant judgements in estimating the provision and a considerable degree of uncertainty remains over the value of the liabilities. Significant changes to the liabilities could occur as a result of subsequent information and events that are different from the current assumptions adopted by Coal Authority. My opinion is not modified in respect of this matter.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (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 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

In auditing the financial statements, I have concluded that 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 Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Coal Authority is adopted in consideration of the requirements set out in 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 financial statements nor my auditor's certificate and report. 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Coal Industry Act 1994.

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

- the parts of the Accountability Report subject to audit 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 and is in accordance with the applicable legal requirements.

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:

- I have not received all of the information and explanations I require for my audit; or

- adequate accounting records have not been kept by the Coal Authority 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as 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; and
- 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 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 Industry 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Coal Authority's accounting policies, key performance indicators and performance incentives.
- 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

- o 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 Authority's compliance with 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 a result of these procedures, I considered the opportunities and incentives that may exist within Coal Authority for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Coal Authority's framework of authority as well as other legal and regulatory frameworks in which the Coal Authority operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in 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 the Coal Industry Act 1994, Managing Public Money, and relevant employment law, pensions, and tax legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and

- 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.

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

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

Other auditor's responsibilities

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 2022

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

Michael, Principal Project Manager in our Public Safety & Subsidence team, working in a mining community to provide peace of mind

Financial statements

Statement of Comprehensive Net Expenditure year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Revenue from contracts with customers	4	17,110	15,986
Other operating income	4	2,936	879
Total operating income	4	**20,046**	**16,865**
Staff costs	3	(17,754)	(15,813)
Purchase of goods and services	3	(9,061)	(8,446)
Depreciation, revaluation and impairment charges	3	(12,022)	(9,406)
Operating expenditure before provision movement		**(38,837)**	**(33,665)**
Provisions movement	3	(3,130,333)	(244,003)
Total operating expenditure	3	**(3,169,170)**	**(277,668)**
Net operating income/(expenditure)		**(3,149,124)**	**(260,803)**
Finance expense		(112)	(3)
Net income/(expenditure) for the year		**(3,149,236)**	**(260,806)**
Other comprehensive net expenditure			
Net (loss)/gain on revaluation of Property, plant and equipment	6	6	(142)
Comprehensive net income/(expenditure) for the year		**(3,149,230)**	**(260,948)**

The Statement of Comprehensive Net Expenditure and supporting notes to the accounts have been prepared and presented in accordance with the 2021-22 Government Financial Reporting Manual (FReM) issued by HM Treasury.

Notes on pages 87 to 126 form part of these accounts.

Statement of Financial Position as at 31 March 2022

	Note	2022 £000	2021 £000 (restated)
Non-current assets:			
Property, plant and equipment	6	25,763	19,148
Investment property	7	190	191
Intangible assets	8	2,193	2,339
Total non-current assets		**28,146**	**21,678**
Current assets:			
Assets classified as held for sale	9	772	732
Trade and other receivables	10	4,702	3,613
Cash and cash equivalents	11	14,335	10,834
Total current assets		**19,809**	**15,179**
Total assets		**47,955**	**36,857**
Current liabilities:			
Trade and other payables	12	(24,604)	(18,456)
Provisions	13	(44,234)	(38,682)
Total current liabilities		**(68,838)**	**(57,138)**
Total assets less current liabilities		**(20,883)**	**(20,281)**
Non-current liabilities:			
Other payables	12	(12,752)	(13,797)
Provisions	13	(5,573,766)	(2,477,318)
Total non-current liabilities		**(5,586,518)**	**(2,491,115)**
Net liabilities		**(5,607,401)**	**(2,511,396)**
Taxpayers' equity and reserves:			
General fund		(5,607,436)	(2,511,463)
Revaluation reserve		35	67
Total taxpayers' equity and reserves		**(5,607,401)**	**(2,511,396)**

2021 balances have been restated following the adoption of IFRS16: Leases (further detail available in note 1.18 (page 92)).

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

Lisa Pinney MBE
Chief Executive and Accounting Officer
13 July 2022

Notes on pages 87 to 126 form part of these accounts.

Statement of Cash Flows year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Cash flows from operating activities:			
Net income/(expenditure) for the year		(3,149,236)	(260,806)
Adjustments for non-cash transactions:			
Depreciation, amortisation and revaluation of non-current assets	3	12,021	9,343
Profit on disposal of Property, plant and equipment and Investment properties	4	(2,666)	(557)
Loss on disposal of Property, plant and equipment	3	1	64
(Increase)/decrease in trade and other receivables		(1,105)	(326)
Increase/(decrease) in trade and other payables		3,250	1,393
Increase in provisions	3	3,102,000	223,000
Net cash outflow from operating activities		**(35,735)**	**(27,889)**
Cash flows from investing activities:			
Purchase of non-financial assets:			
Purchase of Property, plant and equipment		(15,393)	(10,304)
Purchase of Intangible assets		(1,144)	(1,076)
Proceeds from disposal of non-financial assets:			
Proceeds from sale of Property, plant and equipment		3,033	884
Net cash outflow from investing activities		**(13,504)**	**(10,496)**
Net cash outflow from activities		**(49,239)**	**(38,385)**
Cash flows from financing activities:			
Grant in aid from BEIS		53,225	44,111
Payments of lease liabilities		(376)	--
Payments of Interest on lease liabilities		(109)	--
Net financing		**52,740**	**44,111**
Net increase/(decrease) in cash and cash equivalents		**3,501**	**5,726**
Cash and cash equivalents at the beginning of the period		**10,834**	**5,108**
Cash and cash equivalents at the end of the period		**14,335**	**10,834**

Notes on pages 87 to 126 form part of these accounts.

Statement of Changes in Taxpayers' Equity year ended 31 March 2022

	General fund £000	Revaluation reserve £000	Total reserves £000
Balance at 1 April 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)
Adoption of IFRS 16: Leases	8,543		8,543
Balance at 31 March 2021 (restated)	**(2,511,463)**	**67**	**(2,511,396)**
Changes in taxpayers' equity for 2021-22			
Grant in aid from BEIS – capital	18,741	-	18,741
Grant in aid from BEIS – revenue	34,484	-	34,484
Transfers between reserves	1	(1)	-
Net gain on revaluation of fixed assets	-	6	6
Transfer of Revaluation reserve to General fund on disposal of assets	37	(37)	-
Disposal of Investment property (amounts payable to Consolidated Fund)	-	-	-
Comprehensive income/(expenditure) for the year	(3,149,236)	-	(3,149,236)
Balance at 31 March 2022	**(5,607,436)**	**35**	**(5,607,401)**

2021 balances have been restated following the adoption of IFRS16: Leases (further detail available in note 1.18 (page 92)).

Notes on pages 87 to 126 form part of these accounts.

Notes to the accounts year ended 31 March 2022

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 (page 127), as determined by the Secretary of State, with the consent of HM Treasury.

These financial statements have been prepared in accordance with the 2021-22 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 2022 shows net liabilities of £5,607.4 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.

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 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.

1.9 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.

1.10 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.

1.11 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:

Land and Buildings

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.

Right of Use Assets

"Right of use" assets are created on inception of a lease whose terms and conditions convey the right to use an underlying asset named in the lease. They are carried at fair value, based on existing use over the term of the lease.

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.

1.12 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
Freehold buildings	50 years
Operational properties	50 years
Right of Use Assets	over the term of the lease
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.

1.13 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.

1.14 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.

1.15 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 (page 112) and 12 (page 113) 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.

1.16 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 relevant 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.

1.17 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 (CPI) 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 13.2 (page 116) 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.

Future operating costs associated with leases, as determined under IFRS 16, are disclosed separately. Additional cash flows beyond the term of the lease and up to the specific provisions periods are included within provisions balances.

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
Other property	100 years, or, on a specific basis where timeframes are certain and known

Where provisions remain calculated over a period of 50 or 100 years, as the Coal Authority moves into the next financial year it is necessary to add another year onto the provisions to maintain that time frame. At the end of each reporting period, the Coal Authority considers whether the provision period applied to each provision remains appropriate.

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

The provision period for elements of the Other Property provision has been increased from 50 to 100 years. This is a change in accounting estimate and has not had a material impact on the value of the provision held.

1.18 Leases

Lease liabilities are recognised whereby a contract, or part of a contract, that conveys the right to control the use of an identified asset and receive substantially all of the economic benefits for a period of time exists, in exchange for a payment.

All contracts are assessed on inception of a contract or when the terms and conditions of a contract are significantly changed.

The lease period is the non-cancellable term of the lease, together with contractual options to extend or to terminate the lease early, where it is reasonably certain that an extension option will be exercised or a termination option will not be exercised.

On inception of a lease contract, a right-of-use asset and a corresponding lease liability are recognised, where the lease period is greater than one year and the value is greater than £2,000.

The commencement date is when the underlying asset is made available for use.

The lease liability is measured at an amount equal to the present value of the remaining lease payments over the term of the lease.

Lease payments are discounted to their

present value using discount rates as specified by HM Treasury.

The lease liability is remeasured when the contractual cash flows of variable lease payments change due to a change in an index or rate, or when the lease term changes.

Adoption of IFRS 16: Leases

Leases prior to 1 April 2021

IAS 17: Leases was applied up to 1 April 2021, recognising lease assets as either operating or finance leases. The Coal Authority had no finance leases.

Operating leases as a lessor:

Lease income from head office freehold property was 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.

Operating leases as a lessee:

Rentals were charged in equal amounts over the lease term.

Leases from 1 April 2021

The Coal Authority has adopted IFRS 16: Leases from 1 April 2021 in agreement with HM Treasury.

Leases as a lessor:

No change – 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

Leases as a lessee:

This new standard represents a significant change in lessee accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introducing a single lessee accounting model.

Lease liabilities are to be recognised when a contract, or part of a contract, that conveys the right to control the use of an identified asset and receive substantially all of the economic benefits for a period of time exists, in exchange for a payment. Exemptions are provided for short-term leases (less than one year) and low value leases. The resultant recognition is for a right of use asset and a lease liability in the Statement of Financial Position.

Transitional arrangements:
The Coal Authority has adopted the new standard using the cumulative catch-up basis as mandated in the FReM (Financial Reporting Manual), and therefore the cumulative impact of previous years' results has been recognised within reserves at the beginning of the period by adjusting the opening balances and restating the prior year financial statements.

In addition the Coal Authority has elected to adopt the following practical expedients, as provided by the FReM:

- not to reassess whether a contract is, or contains, a lease at 1 April 2021, but instead apply the standard only to contracts that were previously identified as leases under IAS 17. A reconciliation of operating lease commitments at 31 March 2021 to the lease liabilities recognised at 1 April 2021 is presented in the following table.
- to recognise short-term leases, for periods less than one year, through the Statement of Comprehensive Net Expenditure.
- not to make adjustments for leases for which the underlying asset is of low value, utilising a de minimus of £2,000, which is consistent with the capitalisation threshold.
- to rely on onerous lease provisions for impairment assessments, rather than conducting an impairment review.
- to use hindsight and previous practice to determine lease periods for contracts which contain options to extend, terminate the lease early, or are rolling contracts.
- to measure Right of use assets at an amount equal to the lease liability, whereby

the lease liability has been adjusted for any prepaid or accrued lease payments that existed, and measured at the present value of the remaining lease payments using the incremental borrowing rate (discount rate of 0.91%, as provided by HM Treasury), at the date of transition.

Impact on transition

The table below reconciles the operating lease commitments under IAS 17 as presented in the Annual Report and Accounts 2020-21 to the lease liability calculated under IFRS 16 on 1 April 2021:

	Note	£000	£000
Operating Lease commitment at 31 March 2021			15,002
Discounted using discount rates			(2,915)
Exceptions for:			
Short term leases			(109)
Low Value asset leases (excluding short-term leases)			(23)
Impacts of restatements:			
Leases for assets over which the Authority has no control	1	(1,628)	
Leases whose value has been reassessed during IFRS16 work	2	114	
			(1,514)
Reassessments for IFRS16 (new leases identified during IFRS16 work)			23
Balance at 31 March 2021	3		**10,464**

Notes:

1 The Authority has previously included all lease liabilities in its disclosed Operating lease commitments to offer the most prudent view of its financial position. These disclosures included a £1,474,000 liability for activities managed by the Authority on behalf of the Department of Food and Rural Affairs (Defra). Management have decided that, on adoption of IFRS16, such disclosure is now not required.

The remaining balance relates to arrangements whose legal form is not a lease, such as licences and easements. These were included in the 2020-21 lease commitments note but, on review, are now excluded.

2 During the sourcing of original legal documentation, a number of leases were found to be incorrectly valued in the 2020-21 lease commitments. These corrections have now been made in the IFRS16 on-SOFP disclosures.

3 A small number of additional leases were identified in the course of IFSR16 implementation. These leases are now included in the on-SOFP disclosures.

In addition, to the extent that provisions balances previously incorporated operating lease costs associated with land, the cash flows associated with lease liabilities have also been removed.

The following table sets out all of the adjustments to the Statement of Financial Position as at 31 March 2021 as a result of adopting the new standard on the cumulative catch-up basis.

		Note	£000	£000
Property, plant and equipment	Land	6, 14.1	6,014	
	Vehicles	6, 14.1	137	
				6,151
Trade Receivables	Prepayments	10		(144)
Current liabilities	Lease liabilities	12	(376)	
	Provisions	13	391	
				15
Non-current liabilities	Lease liabilities	12	(10,088)	
	Provisions	13	12,609	
				2,521
Net liabilities		SOFP		**8,543**
Taxpayers' equity and reserves	General fund	SOCTE		**(8,543)**

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 Significant accounting judgements, estimates and assumptions

Provisions

Whilst the provisions recorded reflect management best estimates at the end of a reporting period of the future costs, based on the best existing knowledge at the time, it is reasonably possible that subsequent information, events and outcomes within a future accounting period could result in material adjustments to the provisions balance of £5,618.0 million as at 31 March 2022. There are a range of possible outcomes in respect of the assumptions underpinning the provision, the sensitivity to changes in the underlying assumptions are disclosed in Note 13.4 (page 120). In future periods new information and events may result in significant changes to the assumptions used, which may have a future material impact on the Coal Authority's financial position.

In particular, there is significant estimation uncertainty in relation to the future costs the Coal Authority will incur in relation to mine water schemes, public safety and subsidence and subsidence pumping stations, given the long-term nature of these liabilities and the number and nature of the assumptions on which the estimate of the provisions are based (see note 13.4 for further details) (page 120).

Provisions balances are calculated over timescales which are supported by reasonable evidence. These liabilities may extend beyond stated periods, but currently there is insufficient evidence to support provisions beyond these timescales.

Leases

Judgement is exercised in determining whether a contract, in substance, is or contains a lease and whether it conveys the right to control the use of an identified asset and receive substantially all of the economic benefits associated with use, in exchange for a payment.

Lease periods are determined by considering the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease, and also reflect on previous practice.

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

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:

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 re-insurance 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.

2021-22	Development & Information £000	Operations £000	Commercial & Innovation £000	Total £000
Expenditure incurred during the year before internal recharges	7,086	39,400	10,195	56,681
Internal recharges for data and services	(1,917)	-	1,917	-
Expenditure incurred during the year	5,169	39,400	12,112	56,681
Impairments	2	10,486	1	10,489
Less provision utilised	(116)	(28,217)	-	(28,333)
Adjustment to provisions	2,116	3,128,217	-	3,130,333
Gross expenditure	**7,171**	**3,149,886**	**12,113**	**3,169,170**
Income	**(5,098)**	**(147)**	**(14,801)**	**(20,046)**
Net (income)/ expenditure	**2,073**	**3,149,739**	**(2,688)**	**3,149,124**
Total assets	**5,966**	**35,759**	**6,230**	**47,955**
Memo: net (income)/ expenditure excluding provisions movements	73	49,739	(2,688)	47,124

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 (restated)	**6,039**	**25,105**	**5,713**	**36,857**
Memo: net (income)/ expenditure excluding provisions movements	3,479	36,660	(2,333)	37,806

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 (page 64) and fees and charges can be found in the Parliamentary accountability and audit report (page 76).

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 Defra (Department for Environment, Food and Rural Affairs) in England and NRW (Natural Resources Wales) in Wales, supporting Welsh Government with the safe management of tips, and supporting national infrastructure projects and local authorities in managing the risks associated with mining, as well as supporting partners in unlocking the opportunities from Mine Heat.

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 on-going 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

2021-22	Development & Information £000	Operations £000	Commercial & Innovation £000	Total £000
Mining reports	-	-	8,350	**8,350**
Advisory and technical services	-	-	6,371	**6,371**
Data licensing and mining information	1,531	-	-	**1,531**
Licensing and permissions indemnities	767	-	-	**767**
By-products	-	-	49	**49**
Other income	41	1	-	**42**
Revenue from contracts with customers	**2,339**	**1**	**14,770**	**17,110**
Profit on disposal of Property, plant and equipment and Investment properties	2,666	-	-	**2,666**
Rental income	93	87	31	**211**
Public safety management fee	-	34	-	**34**
Other income	-	25	-	**25**
Other operating income	**2,759**	**146**	**31**	**2,936**
Total operating income	**5,098**	**147**	**14,801**	**20,046**

2020-21	Development & Information £000	Operations £000	Commercial & Innovation £000	Total £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**

3. Expenditure

	Note	£000	£000	£000	£000
Staff costs:					
Wages and salaries		12,437		11,014	
Social security costs		1,382		1,207	
Other pension costs		3,162		2,819	
Agency staff costs		773		773	
Sub-total			**17,754**		**15,813**
Goods and services					
Expenditure incurred during the year		36,650		28,843	
Less provision utilised	13	(28,333)		(21,003)	
			8,317		7,840
Research and development expenditure		348		437	
Auditors' remuneration and expenses		81		65	
Travel and subsistence		315		104	
			744		606
Sub-total			**9,061**		**8,446**
Depreciation, revaluation and impairment charges:					
Depreciation and amortisation					
Property, plant and equipment	6	577		594	
Intangibles	8	956		880	
			1,533		1,474
Revaluation					
Property, plant and equipment	6	-		63	
Investment properties	7	(1)		(348)	
Assets held for sale	9	-		(40)	
			(1)		(325)
Impairments					
Property, plant and equipment	6	10,141		8,193	
Intangibles	8	348		-	
			10,489		8,193
Loss on disposal of assets:					
Property, plant and equipment	6		1		64
Sub-total			**12,022**		**9,406**

	Note	£000	£000	£000	£000
Provisions movement:					
Other provisions movements	13	328,991		218,320	
Borrowing costs of provisions (unwinding of discount)	13	42,342		40,683	
Discount rate changes	13	2,759,000		(15,000)	
Sub-total			**3,130,333**		**244,003**
Total operating expenditure			**3,169,170**		**277,668**

Staff and related costs of £457,000 were charged to capital projects during 2021-22 (2020-21: £462,000). Other staff and related disclosures are included in the staff and remuneration report within the accountability report. Staff costs in 2021-22 include no exit packages (2020-21: 1).

No auditors' remuneration and expenses have been incurred for professional fees associated with non-audit work during either 2021-22 or 2020-21.

Detailed information on provisions and provisions movements is provided in note 13 (page 115) tothe accounts.

Previously, operating lease costs were disclosed separately in the Expenditure note (page 102). As a result of the adoption of IFRS16: Leases, leases are now treated differently. Any remaining operating lease costs outside the scope of IFRS16 are now incorporated within the Goods and services figure above. Further information can be obtained in note 14 (page 121).

4. Income

4.1 Revenue from contracts with customers

	2021-22 £000	2020-21 £000
Mining reports	8,350	7,906
Advisory and technical services	6,371	5,956
Data licensing and mining information	1,531	1,197
Licensing and permissions indemnities	767	769
By-products	49	52
Other income	42	106
Revenue from contracts with customers	**17,110**	**15,986**

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 (page 97) and fees and charges in the Parliamentary accountability and audit report (page 76).

4.2 Other operating income

	2021-22 £000	2020-21 £000
Profit on disposal of Property, plant and equipment and Investment properties (detailed in table below)	2,666	557
Rental income	211	228
Public safety management fee	34	80
Other income	25	14
Other operating income	**2,936**	**879**

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 (page 113) and accounting policy Note 1.17 (page 91) to the accounts.

	2021-22 £000	2020-21 £000
Profit on disposal of Property, plant and equipment and Investment properties:		
Proceeds from clawback on sale of land	1,587	557
Proceeds from sale of Investment properties	1,431	-
Total proceeds	3,018	557
Fair value of Investment properties	(352)	-
Total	**2,666**	**557**

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 may include the removal of a restrictive covenant or following development of the land, recognising the Coal Authority's share of the increased value.

Proceeds from the sale of Investment properties reflect increased value following receipt of planning permission for a new development during 2022-23.

Further information is provided on products and services in Note 2 to the accounts (page 97) and fees and charges in the Parliamentary accountability and audit report (page 76).

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 (page 103) to the accounts.

	£000	£000	£000	£000
Production related rent (gross)	122		196	
Cost of collection	(10)		(15)	
Production related rent (net)		112		181
Options for lease		24		18
Property sale proceeds		-		258
Income payable to the consolidated fund		**136**		**457**

	2021-22 £000	2020-21 £000
Balances held at start of year	**18**	**472**
Income payable to the consolidated fund	136	457
Payments made to the consolidated fund		
Relating to prior year	(18)	(472)
Relating to current year	(123)	(439)
Balances held at end of year	**13**	**18**

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

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.

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

5. Taxation

	2021-22 £000	2020-21 £000
Current tax	-	-
Deferred tax	-	-

Corporation tax is calculated at 19% (2020-21: 19%) of the estimated assessable profit for the year.

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

	2021-22 £000	2020-21 £000
Net income/(expenditure) for the year	(3,149,236)	(260,806)
Tax at the UK corporation tax rate of 19% (2020-21: 19%)	(598,355)	(49,553)
Tax effect of expenses that are not deductible in determining taxable profit	2,102	1,759
Tax effect of temporary differences on Property, plant and equipment not recognised	(324)	(63)
Tax effect of losses created/(utilised) in the period not recognised	3,931	1,915
Tax effect of temporary differences on provisions not recognised	589,393	42,382
Tax effect of grant in aid finance for revenue purposes	3,253	3,560
Tax expense for the year	-	-

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

	Recognised at 31 March		Unrecognised at 31 March	
	2022 £000	2021 £000	2022 £000	2021 £000
Tax losses	-	--	(26,275)	(14,262)
Provisions	-	--	(1,404,589)	(480,565)
Property, plant and equipment	-	--	(6,406)	(5,328)
Total	**-**	**--**	**(1,437,270)**	**(500,155)**

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 totalling £5,618.0 million at 31 March 2022 will be deductible when the expenditure is charged against the provision in later periods.

The deferred tax balances not recognised have been calculated using a 25% tax rate, being the rate enacted at the date of the statement of financial position.

6. Property, plant and equipment

	Land £000	Buildings £000	Information technology £000	Plant and machinery, fixtures and fittings £000	Mine water schemes £000	Subsidence pumping stations £000	Right of use assets £000	Assets under construction £000	Total £000
Cost or valuation									
At 1 April 2021 (restated)	8,073	1,959	6,245	2,511	116,844	17,308	6,151	2,144	161,235
Additions	368	97	327	202	8,978	450	100	7,161	17,683
Remeasurements	-	-	-	-	-	-	31	-	31
Reclassifications	-		249	132	180	-	-	(561)	-
Disposals	-	(158)	(1,781)	(41)	(143)	-	-	-	(2,123)
Transfer to assets held for sale	-	(235)	-	-	-	-	-	-	(235)
Revaluations	-	(5)	-	-	-	-	-	-	(5)
At 31 March 2022	**8,441**	**1,658**	**5,040**	**2,804**	**125,859**	**17,758**	**6,282**	**8,744**	**176,586**
Depreciation									
At 1 April 2021 (restated)	-	9	5,772	2,154	116,844	17,308	-	-	142,087
Charged in year	-	66	225	75	-	-	211	-	577
Disposals	-	(7)	(1,781)	(41)	(143)	-	-	-	(1,972)
Revaluations	-	(10)	-	-	-	-	-	-	(10)
Impairments	-	-	331	202	9,158	450	-	-	10,141
At 31 March 2022	**-**	**58**	**4,547**	**2,390**	**125,859**	**17,758**	**211**	**-**	**150,823**
Net book value at 31 March 2021 (restated)	**8,073**	**1,950**	**473**	**357**	**-**	**-**	**6,151**	**2,144**	**19,148**
Net book value at 31 March 2022	**8,441**	**1,600**	**493**	**414**	**-**	**-**	**6,071**	**8,744**	**25,763**

Except for Right of use assets, the Coal Authority owns all of its assets and has no finance leases or Private Finance Initiative (PFI) contracts. Further detail relating to Right of use assets is included in note 14.1 (page 121).

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 (current net book value of £3,014,000), with the next valuation due to be undertaken in March 2023. A loss of £205,000 was recognised through the Revaluation Reserve (£142,000) and in the Statement of Comprehensive Net Expenditure (£63,000) during 2020-21.

The valuation of £2,975,000 comprised land at £1,415,000 and buildings at £1,560,000, which resulted in a reclassification of £1,340,000 during 2020-21. Previous valuations provided no split between land and buildings.

Buildings also included 2 properties held for operational purposes. During the year, one has been sold and, following a valuation undertaken as at 31 March 2022, the remaining property was transferred to Assets held for sale, for disposal during 2022-23. The valuation at £235,000 was undertaken by external Chartered Surveyors (Valuation Office Agency – District Valuation Services) in accordance with Royal Institution of Chartered Surveyors' guidelines, and is reflected above.

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.

2021 balances have been restated following the adoption of IFRS 16: Leases (further detail available in note 1.18 (page 92)).

	Land £000	Buildings £000	Information technology £000	Plant and machinery, fixtures and fittings £000	Mine water schemes £000	Subsidence pumping stations £000	Right of use assets £000	Assets under construction £000	Total £000
Cost or valuation									
At 1 April 2020	4,362	2,737	6,215	2,179	109,567	16,721	-	1,161	142,942
Additions	2,371	486	199	547	7,214	445	-	1,329	12,591
Reclassifications	1,340	(1,263)	-	64	63	142	-	(346)	-
Disposals	-	-	(169)	(279)	-	-	-	-	(448)
Transfer from assets held for sale	-	398	-	-	-	-	-	-	398
Revaluations	-	(399)	-	-	-	-	-	-	(399)
IFRS 16: Leases – adjustment	-	-	-	-	-	-	6,151	-	6,151
At 31 March 2021 (restated)	**8,073**	**1,959**	**6,245**	**2,511**	**116,844**	**17,308**	**6,151**	**2,144**	**161,235**
Depreciation									
At 1 April 2020	-	92	5,451	2,047	109,567	16,721	-	-	133,878
Charged in year	-	111	417	66	-	-	-	-	594
Disposals	-	-	(169)	(215)	-	-	-	-	(384)
Revaluations	-	(194)	-	-	-	-	-	-	(194)
Impairments	-	-	73	256	7,277	587	-	-	8,193
At 31 March 2021 (restated)	**-**	**9**	**5,772**	**2,154**	**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 (restated)	**8,073**	**1,950**	**473**	**357**	**-**	**-**	**6,151**	**2,144**	**19,148**

7. Investment properties

	2022 £000	2021 £000
Land		
Fair value at 1 April	191	330
Disposals	(2)	-
Transfer to Assets held for sale	-	(487)
Revaluations	1	348
Fair value at 31 March	**190**	**191**

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. 2021-22 is the fifth 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

Cost or valuation	Information technology £000	Software licences £000	Assets under construction £000	Total £000
At 1 April 2021	20,050	1,405	1,098	22,553
Additions	985	29	144	1,158
Disposals	(80)	(19)	-	(99)
Reclassifications	1,020	64	(1,084)	-
At 31 March 2022	**21,975**	**1,479**	**158**	**23,612**
Amortisation				
At 1 April 2021	18,845	1,369	-	20,214
Charged in year	941	15	-	956
Disposals	(80)	(19)	-	(99)
Impairments	277	71	-	348
At 31 March 2022	**19,983**	**1,436**	**-**	**21,419**
Net book value at 31 March 2021	**1,205**	**36**	**1,098**	**2,339**
Net book value at 31 March 2022	**1,992**	**43**	**158**	**2,193**

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 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
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**

9. Assets held for sale

Non-current assets held for sale

	Land £000	Buildings £000	Total £000
Fair Value at 1 April 2022	537	195	732
Transfers from Property, plant and equipment	-	235	235
Disposals	-	(195)	(195)
Fair Value at 31 March 2022	**537**	**235**	**772**

Land: 8 packages of land are scheduled for disposal during 2022-23. These packages were intended for disposal in 2021-22 but have been delayed as a result of the ongoing impacts of COVID-19 and support of a number of major Public safety events.

Buildings: Specific regional properties which were 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). One property has been disposed of during 2021-22, with the final remaining property scheduled for disposal during 2022-23. Proceeds from the sale of the property are paid into the UK Coal security fund to cover subsidence liabilities, as the property relates to previously called-in security.

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 as part of the annual budgeting and planning process.

	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**

10. Trade receivables, financial and other current assets

Amounts falling due within 1 year:

	2022 £000	2021 £000
VAT	676	496
Trade and other receivables	1,402	283
Prepayments	1,387	1,440
Accrued income	1,368	1,534
Expected credit losses	(131)	(140)
Balance at 31 March	**4,702**	**3,613**

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

Expected credit losses relate to amounts that are assessed at a customer level as unrecoverable as a result of the current economic climate.

2021 balances have been restated following the adoption of IFRS 16: Leases (further detail available in Note 1.18 (page 92)). Prepayments have been reduced by £144,000 and incorporated into the opening balance of Right of Use Assets.

11. Cash and cash equivalents

	2022 £000	2021 £000
Balance at 1 April	10,834	5,108
Net change in cash and cash equivalent balances	3,501	5,726
Balance at 31 March	**14,335**	**10,834**
The following balances were held at:		
Government Banking Services	14,335	10,834
Balance at 31 March	**14,335**	**10,834**

Cash balances incorporate £1,386,000 (2021: £2,181,000) of ring fenced funds held in a separate account. These ring fenced funds represent receipts 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. (2021: also included receipts from UK Coal following disclaiming the lease/ licence for Thoresby Colliery, that have now been fully utilised).

12. Trade payables and other current liabilities

12.1 Amounts falling due within 1 year:

	Note	2022 £000	2021 £000
Other taxation and social security		680	580
Trade and other payables		524	1,117
Security fund payables	12.3	143	143
Liabilities in relation to called-in security	12.4	235	484
Lease liabilities	14	332	376
Amounts due to government (consolidated fund income)		13	18
Accruals		22,662	15,467
Deferred income		15	271
Balance at 31 March		**24,604**	**18,456**

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.

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 (page 107), 9 (page 111) and 11 (page 112) to the accounts for further details). Amounts due within 1 year and after more than 1 year are in respect of UK Coal. Amounts due after 1 year are also in respect of ATH Resources PLC, Benhar Developments Ltd and the Scottish Coal Company Ltd.

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 £2,000 (2021: £1,000), cash of £4,000 (2021: £0) and accrued income of £7,000 (2021: £17,000). See note 4.3 (page 105) to the accounts for further details.

2021 balances have been restated following the adoption of IFRS 16: Leases (further detail available in Note 1.18 (page 92)). Further information on Lease liabilities are now included within Note 14 (page 121).

12.2 Amounts falling due after more than 1 year:

	Note	2022 £000	2021 £000 (restated)
Security fund payables:	12.3		
In more than 1 year, but not more than 2 years		272	272
In more than 2 years, but not more than 5 years		112	108
In more than 5 years		1,098	1,068
		1,482	1,448
Liabilities in relation to called-in security:	12.4		
In more than 1 year, but not more than 2 years		-	-
In more than 2 years, but not more than 5 years		1,323	1,614
In more than 5 years		63	647
		1,386	2,261
Lease liabilities	14	9,884	10,088
Balance at 31 March		**12,752**	**13,797**

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.

12.3 Analysis of movements on security fund payables:

	2022 £000	2021 £000
Opening balance – falling due within 1 year	143	143
Opening balance – falling due after more than 1 year	1,448	1,445
Opening balance	1,591	1,588
Invoiced and cash receipts	76	1
Interest payable	3	2
Utilisation	(45)	-
Movements during the year	34	3
Closing balance – falling due within 1 year	143	143
Closing balance – falling due after more than 1 year	1,482	1,448
Closing balance	**1,625**	**1,591**

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

	2022 £000	2021 £000
Opening balance – falling due within 1 year	484	738
Opening balance – falling due after more than 1 year	2,261	3,011
Opening balance	2,745	3,749
Invoiced and cash receipts	-	24
Bond proceeds transferred	(14)	(15)
Repayments	(290)	-
Utilisation	(820)	(1,013)
Movements during the year	(1,124)	(1,004)
Closing balance – falling due within 1 year	235	484
Closing balance – falling due after more than 1 year	1,386	2,261
Closing balance	**1,621**	**2,745**

13. Provisions for liabilities and charges

13.1 Total provisions

	Mine water schemes £000	Public safety and subsidence £000	Subsidence pumping stations £000	Other property related provisions £000	**Total 2021-22 £000**	**Total 2020-21 £000**
Opening balance (restated)	2,002,000	313,000	135,000	66,000	**2,516,000**	**2,306,000**
Utilised against operating spend	(11,035)	(15,185)	(906)	(1,207)	**(28,333)**	**(21,003)**
Utilised against capital spend	(16,912)	-	(450)	-	**(17,362)**	**(11,658)**
Created/ (released)	210,936	51,274	33,012	51,131	**346,353**	**229,978**
Borrowing costs of provisions (unwinding of discount)	34,011	4,911	2,344	1,076	**42,342**	**40,683**
Discount rate changes	2,320,000	134,000	183,000	122,000	**2,759,000**	**(15,000)**
IFRS 16 adjustment	-	-	-	-	**-**	**(13,000)**
Closing balance	**4,539,000**	**488,000**	**352,000**	**239,000**	**5,618,000**	**2,516,000**

Provisions and movements in provisions are provided for in line with accounting policies stated in Note 1.18 (page 92) to the accounts.

The provision for liabilities and charges at 31 March 2022 is £5,618.0 million (2021: £2,516.0 million after IFRS 16 adjustment). Forecast cash flows, which reflect the Coal Authority's latest assumptions, included within this provision before inflation and discounting are forecast at £2,834.0 million (2021: £2,495.0 million after IFRS 16 adjustment), an increase of £339.0 million.

13.2 Inflation and discount rates

In calculating each provision at its present value, CPI (Consumer Price Index) inflation has been applied to cash flows that are based on 2022 prices and then nominal discount rates, as specified by HM Treasury, have been applied. Specified rates used are presented below:

HM Treasury rates			2021-22	2020-21
CPI Inflation	Year 1		4.0%	1.2%
	Year 2		2.6%	1.6%
	Years 3-100		2.0%	2.0%
Nominal Discount Rate	Short term	Years 1-5	0.47%	(0.02)%
	Medium term	Years 6-10	0.70%	0.18%
	Long term	Years 11-40	0.95%	1.99%
	Very long term	Years 41-100	0.66%	1.99%

The change in discount rates has resulted in an increase to the provisions balance of £2,759.0 million for 2021-22 (2020-21: decrease of £15.0 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 time frame. Forecast cash flows associated with the additional year are £30.2 million (2020-21: £27.3 million).

Other key assumptions and sensitivities in establishing the provisions at 31 March 2022 are explained on the next pages.

2021 balances have been restated following the adoption of IFRS 16: Leases (further detail available in Note 1.18) (page 92). Provisions have been reduced by £13,000,000 as lease liabilities are now disclosed separately.

13.3 Key assumptions

Mine water schemes

The provision relating to mine water treatment schemes is £4,539.0 million (2021: £2,002.0 million after IFRS 16 adjustment).

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 £4.1 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 £2,200.4 million (2021: £1,986.2 million after IFRS 16 adjustment). Cash flows are calculated over 100 years as scientists have concluded that the conditions for causing pollution will continue and there is no foreseeable option to dispense with treatment schemes. These cash flows incorporate:

- The estimated cost of commissioning the build of future schemes at £118.3 million (2021: £94.5 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 £680.9 million (2021: £679.2 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 £1,401.2 million (2021: £1,212.5 million after IFRS 16 adjustment). 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 £188.7 million as a result of changes to the future programme (£73.3 million), including 2 new preventative schemes and our first preventative scheme that will also treat manganese, as well as costs remaining subject to sustained pressure after incorporating recent significant inflationary price increases through our supply chain, particularly in relation to power costs, which also include contracted prices for 2022-23 (£115.4 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, subsidence pumping stations, tip management and the Bridgewater Canal, 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 user of the financial statements.

Public safety and subsidence

The provision relating to public safety and subsidence activity is £488.0 million 2021: £313.0 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 £349.5 million (2021: £308.9 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 £6.4 million per annum (2021: £5.6 million per annum). Costs are reassessed each year based on experience and actual expenditure incurred over periods of up to 10 years. Costs have predominantly increased as a result of a trend towards a larger number of complex incidents being experienced and reported to the Coal Authority.
- The estimated annual costs for the ongoing mine entry inspection programme through to 2024 at £0.5 million per annum (2021: £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 (2021: £0.7 million and £0.4 million per annum).

The obligations arising from public safety and subsidence 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, subsidence pumping stations, tip management and the Bridgewater Canal.

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 £352.0 million (2021: £135.0 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 £167.9 million (2021: £133.9 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 for a considerable period of time. These cash flows incorporate:

- The estimated cost of a refurbishment programme, which is due to complete by 2034, at £10.5 million (2021: £11.1 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 (2021: £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 £1.0 million per annum (2021: £0.7 million per annum). Costs are reassessed each year based on expenditure incurred over a 5 year period and incorporate recent significant inflationary price increases through our supply chain, particularly in relation to power costs.

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; price inflation of construction and operating costs; and, the levels of refurbishment or replacement that may be required.

Other property related provisions

The provision relating to other property is £239.0 million (2021: £66.0 million after IFRS 16 adjustment).

The Coal Authority provides for costs to meet its statutory obligations. These liabilities are managed by our Property, Public Safety and Subsidence and Tips Response 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 100 year programme of works has been prepared and costs estimated at £76.1 million remain at 31 March 2022, of which £38.1 million relates to the first 50 years (2021: £39.6 million for 50 years). The programme length has been increased to better reflect the on-going nature of the liability. Beyond 100 years the inherent uncertainties of the future costs and timing of cash flows prevent provisions being made. Significant uncertainties beyond 100 years include the future costs of major repair projects following adverse weather conditions as a result of climate change.
- 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 100 years have been forecast at £31.0 million, of which £15.5 million relates to the first 50 years (2021: £17.0 million for 50 years), incorporating annual costs at £0.3 million per annum (2021: £0.3 million per annum). The programme length has been increased to better reflect the on-going nature of the liability. Beyond 100 years the inherent uncertainties of the future costs and timing of cash flows prevent provisions being made. Significant uncertainties beyond 100 years include the future costs of major repair projects following adverse weather conditions as a result of climate change.

- Closed colliery site obligations are assessed to be £9.2 million (2021: £9.3 million after IFRS 16 adjustment) and relate to returning colliery sites to a condition that is safe and secure and consistent with any required planning permission or lease requirement.

13.4 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, the total provision over 50 years at current day prices would increase or decrease by £70.0 million (1%)
  - in relation to Mine water schemes, Subsidence pumping stations and Other property, the total provision over 100 years in current day prices would increase or decrease by £212.0 million (4%)
- should inflation or discount rates as specified by HM Treasury change over the life of the provision (50 and 100 years), 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 £1,892.0 million (34%)
  - a decrease in the inflation rates of 0.5% would decrease the total provision held by £1,334.0 million (24%)
  - an increase in the discount rates of 0.5% would decrease the total provision held by £1,344.0 million (24%)
  - a decrease in the discount rates of 0.5% would increase the total provision held by £1,935.0 million (34%)

As outlined at page 116 the prescribed HM Treasury inflation rate utilised for calculating the provisions balance is 4% for 2022-23, as the criteria for rebutting the use of this rate has not been met.

Should the rate of inflation outturn at 8.7% for the first forecast year (Office of Budgetary Responsibility forecast of 25 April 2022) before returning to previous HM Treasury forecast levels, this would increase the provisions balance by £253.0 million (4.5%) to £5,871.0 million. This increase has been calculated assuming no change in the discount rate used to calculate the provision.

The dominant factor in the assumptions used remains the discount rate, and the rate used is in line with the rates published by HM Treasury.

13.5 Analysis of timing of discounted cashflows

	Mine water schemes £000	Public safety and subsidence £000	Subsidence pumping stations £000	Other property related provisions £000	Total £000
Up to 2023	31,960	8,678	2,422	1,174	**44,234**
Between 2023 and 2027	145,282	30,912	9,147	5,158	**190,499**
Between 2027 and 2042	434,174	122,982	29,945	30,063	**617,164**
Thereafter	3,927,584	325,428	310,486	202,605	**4,766,103**
Total	**4,539,000**	**488,000**	**352,000**	**239,000**	**5,618,000**

14. Leases

14.1 Right of use assets

	Land £000	Buildings £000	Vehicles £000	Total £000
Cost or valuation				
At 1 April 2021 (restated)	6,014	-	137	**6,151**
Additions	22	34	44	**100**
Remeasurements	31	-	-	**31**
At 31 March 2022	**6,067**	**34**	**181**	**6,282**
Depreciation				
At 1 April 2021 (restated)	-	-	-	**-**
Charged in year	117	16	78	**211**
At 31 March 2022	**117**	**16**	**78**	**211**
Net book value at 31 March 2021 (restated)	**6,014**	**-**	**137**	**6,151**
Net book value at 31 March 2022	**5,950**	**18**	**103**	**6,071**

As detailed in note 1.17, "Right of use" assets are created on inception of a lease whose terms and conditions convey the right to use an underlying asset named in the lease.

On any change to the terms and conditions of the lease which changes the liability attaching thereto, the asset and its liability are remeasured using discount rates prevailing at the time.

As with any other property, Right of use assets are depreciated over their useful life, which is the lease term.

14.2 Lease liabilities

Obligations under finance leases for the following periods comprise:	2022 £000	2021 £000 (restated)
Land:		
Within 1 year	384	387
Between 1 to 5 years	1,524	1,524
After 5 years	12,971	11,397
Total cash payments	14,879	13,308
Less: interest element	(4,747)	(2,947)
Present value of obligations	10,132	10,361
Other:		
Within 1 year	60	74
Between 1 to 5 years	25	30
After 5 years	-	-
Total cash payments	85	104
Less: interest element	(1)	(1)
Present value of obligations	84	103
Total	**10,216**	**10,464**
Of which, present value of obligations are:		
Current	332	376
Non-current	9,884	10,088

"Other" relates to vehicles and a short lease for a building.

As detailed in note 1.17 (page 91), inception of a lease whose terms and conditions convey the right to use an underlying asset mean that the lease liability is brought "on-SOFP", together with the asset, at the Net Present Value of the future cash flows attaching to the lease.

14.3 Lease elements in the Statement of Comprehensive Net Expenditure

		2022
	£000	£000
Expense related to short-term leases	109	
Expense related to low value asset leases (excluding short-term leases)	23	
		132
Interest expense on lease liabilities		109

As detailed in note 1.17 (page 91), where the terms and conditions of a lease do not convey the right to use an underlying asset, the lease is treated as an operating lease and taken as an expense to the Statement of Comprehensive Net Expenditure. Where a lease's terms and conditions satisfy the requirements for capitalisation, but the lease liability is immaterial, either according to the length of unexpired term or the value of the underlying asset, these leases are also treated as operating leases and taken as an expense to the Statement of Comprehensive Net Expenditure.

Notional interest is calculated on the outstanding lease liability and charged to the Statement of Comprehensive Net Expenditure.

14.4 Cash outflow for leases

	2022 £000
Finance leases (IFRS16)	485
Operating leases	132
Total cash outflow for leases	617

The above amounts have been taken to the Statement of Cash Flows. Finance Leases are shown under Financing activities and operating leases under Operating activities.

14.5 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:

	2022 £000	**2021 £000**
Head office – freehold property:		
within 1 year	167	193
Between 1 to 5 years	-	162
Total	**167**	**355**

The Coal Authority has no non-IFRS16 finance leases or Private Finance Initiative (PFI) contracts.

15. Capital commitments

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

	£000	£000	£000	£000
Property, plant and equipment:				
Land and buildings	-		39	
Plant and machinery	22		-	
Information technology	15		242	
		37		281
Intangible assets		82		306
Total		**119**		**587**

Commitments balances are represented as follows;

Land and buildings: maintenance and refurbishment of Head Office buildings.

Plant and machinery: gas monitors for undertaking public safety related activities.

Information technology: hardware (2021: included £169,000 in relation to new monitoring equipment for mine water schemes).

Intangible assets: software development activities (2021: included £222,000 in relation to new monitoring equipment for mine water schemes).

Property, plant and equipment previously included amounts relating to Mine water schemes. These amounts related to the build and maintenance of metal mine water schemes, and were recoverable from Defra (Department for Environment, Food and Rural Affairs). Commitments at 2022 are £768,000 (2021: £900,000).

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) (page 115) 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 FReM (Financial Reporting Manual) and IFRS (International Financial Reporting Standards). 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.

Mine water flooding incident, Skewen South Wales, January 2021

The Coal Authority is aware of potential legal proceedings in respect of damage caused by the flooding event at Skewen.

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

Treatment of Hyper Saline Water on the Nottinghamshire Coalfield

Recent analysis of our extensive monitoring of the Nottinghamshire coalfield demonstrates that the chemistry of the mine water is extremely challenging and will require additional treatment to that normally undertaken. Detailed work is now underway to generate and evaluate options for treatment.

Potential solutions may require significant additional costs to implement over the next decade, potentially up to several 100 millions of pounds. This is not provided for as a sufficiently reliable estimate of the amount of obligation cannot currently be made.

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 Department for Levelling Up, Housing and Communities and the provision of advisory and technical services to the Department for Environment, Food and 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 2022 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 ("the FReM") which was 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 2022 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 5 May 2021.

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)
11 May 2022

Photo:
Our Sheephouse Wood mine water treatment scheme in South Yorkshire

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