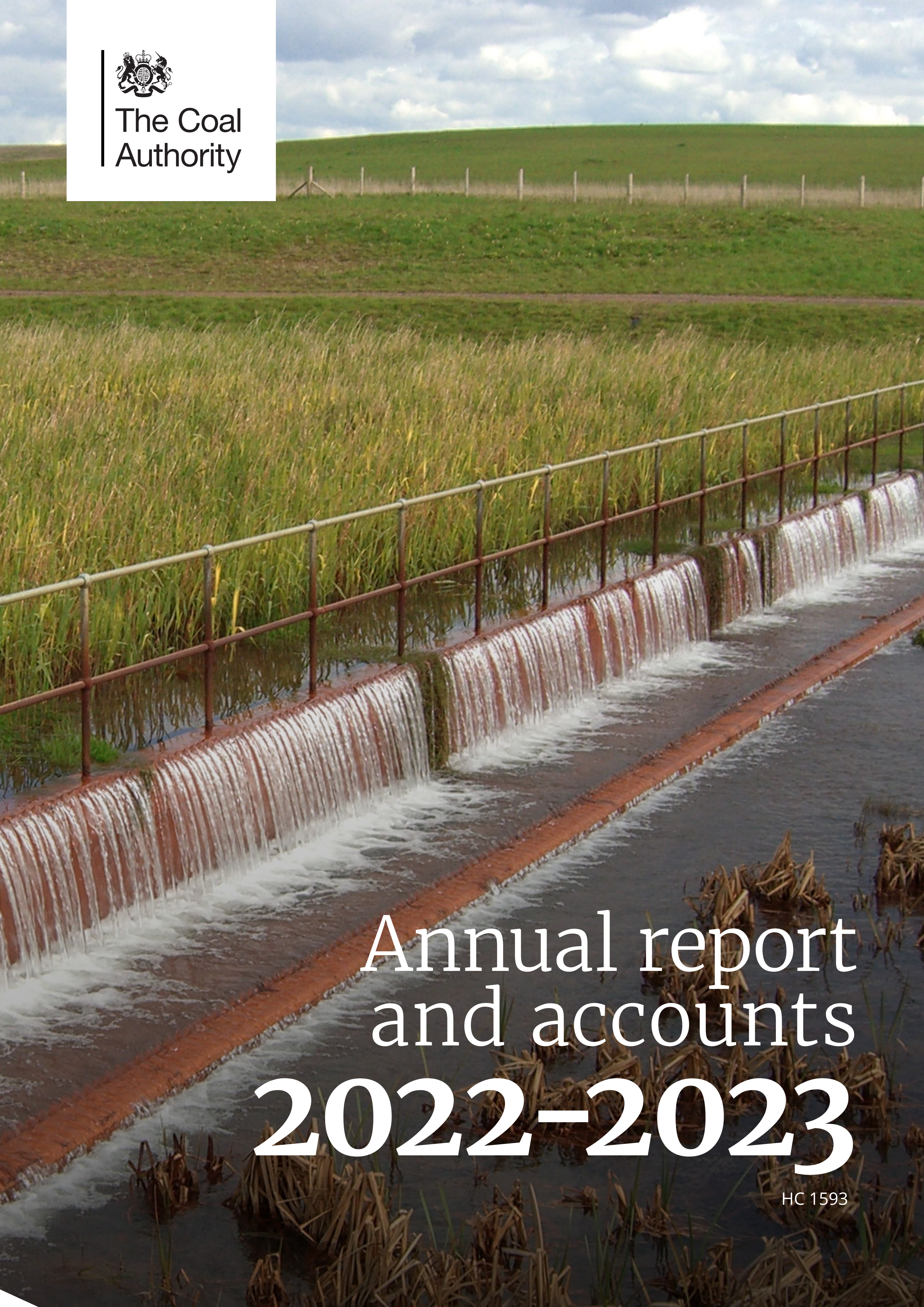
The Coal Authority



Annual report and accounts 2022-2023

HC 1593

The Coal Authority
Annual report and accounts 2022-23

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Trusted
Inclusive
Progressive
The Coal Authority
Making a Better
and the Environment in
INCREASING SPACE AND HABITAT FOR NATURE
WATER FROM OUR MINES TO SUPPORT DRINKING WATER
ACTING ON THE IMPACTS OF CLIMATE CHANGE
Reducing Waste
Socially Sustainable Renewables
NET ZERO BY 2030
CO2
and Ready to go BEYOND
MINE WATER
HEAT
Drawn by Siân from

Future for People
Mining Areas
Our Vision for 2032
Diverse
Representative
Fit for the Future
Coal mines as a CORE PART of THE CATCHMENT
COMMUNITY AND CUSTOMER FOCUS
WORKING WITH PARTNERS
sharing knowledge and Expertise
NG THE LEGACY
COAL MINING PAST
AND ENERGY STORAGE
CONNECT PEOPLE TO THEIR MINING HISTORY
Bring ALIVE the Story of the PAST
TO THE FUTURE
Embrace NEW Technology
Digital Transformation
Accessible Services
Learning to do BETTER
ES.CO.UK
@visualminutes

Overview

The Coal Authority is a non-departmental public body and partner organisation of the Department for Energy Security and Net Zero.

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 departments across UK Government to deliver on UK Government priorities including the transition to net zero, levelling up, national resilience, an improved environment and a sustainable economy. We also contribute to the wider environmental, social and economic priorities of the Scottish and Welsh 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 have 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 the Department for Energy Security and Net Zero. 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 the Department for Energy Security and Net Zero.

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

Mylene, PhD student, testing mine water flow rates at the mine water heat scheme Living Lab in Gateshead, Tyne and Wear, England

Performance report

The work we do

During 2022-23, across the 3 nations we serve:

Kept people safe and provided peace of mind

We carried out **10,476** mine entry inspections

We investigated **770** mining hazards and subsidence claims

We carried out **656** inspections on spoil heaps (tips) owned by the Coal Authority and our partners

Used our information and expertise to help people make informed decisions

We delivered **157,314** mining reports

We issued **1,709** permits to intersect coal

We provided **10,236** planning consultation responses

Protected and enhanced the environment

We created the capacity to treat **220 billion** litres of mine water

We prevented **3,756** tonnes of iron solids from entering water courses

We reused or recycled **89%** of our ochre and iron solid waste

Created value and minimised cost to the taxpayer

We generated **£56,000** from by-product sales

We generated **£6.8 million** of income from our advisory services

We created additional social and environmental value at **9** sites

Jeff Halliwell
Chair

Chair's foreword

I am pleased to introduce our first annual report and accounts against our new 2022-2025 business plan and 10 year vision. Implementing this approach has allowed us to really look forward, innovate and evolve towards the future. I've been delighted to see further opportunities becoming reality including mine water heat, the beneficial use of by-products and continued growth in our service provision to the governments we serve and with other public and private sector bodies. I'm also excited to see more social and environmental value opportunities being proactively pursued alongside economic effectiveness as we deliver against the specifics of our business plan and the broader ambitions of our 2032 vision.

We were pleased to host officials in March onsite in Nottinghamshire and Derbyshire to demonstrate challenges in addressing land subsidence, mine shaft and drift remediation to allow social value from the redevelopment of a listed building and surrounding land and mine water treatment to protect drinking water. These are just a few aspects of our work and responsibilities at any point in time. We look forward to working with the department and independent review team during our arm's length body review in 2023-24.

Through the year we've also continued to work closely with the Welsh and Scottish governments in delivering across Great Britain. You can read more about our work in Scotland, Wales and England in our case studies (pages 20, 37 and 40) which include a range of examples of our work as well as specific statistics for each country.

Every aspect of our work contributes strongly to economic growth, levelling up and energy security. Research from the Coalfields

Regeneration Trust[1] shows that, as a whole, coalfield areas are more deprived than the Great Britain average. We work with local businesses and small to medium enterprises (SMEs) wherever possible to ensure we are spending money directly in the communities where we operate and to support levelling up. 27% of our spend in 2022-23 was with SMEs. Our work ensures confidence in the coalfield housing market which is essential when 25% of all homes and properties across Great Britain are on the coalfield and we've been working innovatively with financial lenders and other partners (including the Geospatial Commission and Geo6 bodies) to develop digital products to help modernise and improve lending decisions. The board are pleased that our new data and information plan, which will be published in 2023, will further set out our ambitions and commitments in this area.

As a direct contribution to energy security I was delighted to see the Gateshead Council mine energy scheme become fully operational in March 2023. This is the first large scale mine heat energy scheme in the country and will be a pathfinder for other schemes in the pipeline. I commend Gateshead Council for their foresight and ambition and we look forward to working with them as well as with councils, partners and governments across Great Britain to make multiple low carbon mine water heat schemes a reality and make a significant contribution to the energy security and net zero ambitions of the 3 governments we serve. I also welcome our new sustainability plan which demonstrates how we will achieve the ambition of our business plan and vision in this area and generate more renewable energy from our assets over the years ahead.

The board and I were delighted to see the Coal Authority sign contracts with AB Agri in January 2023 to provide an initial 700 tonnes of ochre per year from 2 of our mine water treatment schemes for use in anaerobic digestion. This contract has

1 The State of the Coalfield 2019 – Economic and social conditions in the former coalfields of England, Scotland and Wales. Christina Beatty, Steve Fothergill and Tony Gore. The Coalfields Regeneration Trust and Sheffield Hallam University Centre for Regional Economic and Social Research.

Coal Authority and Department of Energy Security and Net Zero colleagues on a visit to Clipstone Colliery in Nottinghamshire, England the potential to grow over the years ahead and is a great example of circular economy thinking as it prevents a useful material from going to landfill, saves us money in landfill charges and raises income from the product instead. Its use in anaerobic digestion plants in the UK reduces the need for ochre and iron chemicals to be imported from Europe which saves cost, reduces carbon emissions and makes supply lines more secure. This is part of our ambition to reuse or recycle 95% of the iron ochre and iron solids generated from our schemes and prevent disposal to landfill and we will be working even more creatively over the years ahead to make this a reality.

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, decreasing by £3.4 billion from £5.6 billion to £2.2 billion at March 2023. This balance is calculated by applying HM Treasury assumptions on the value of money at various points in time in the future to a forecast of cash flows at today's prices. Our forecast of these underlying cash flows has increased by £0.5 billion to £3.4 billion, primarily reflecting significant increases as a result of high rates of inflation, especially in power and chemical costs affecting mine water schemes, and the trend over recent years of managing an increasing number of complex public safety incidents. We expect the impacts of climate change adaptation to increase the provisions over time as we undertake more research and are also aware of the potential implications of the work we are currently doing to better understand the impact of saline water recovery in England. We will continue to work to offset costs through efficiencies and further improvements through our innovation programme.

The operational increases included this year are small compared with changes to the HM Treasury discount rates which decrease the financial provision by more than £4.5 billion. You can find more information on this in the financial review (page 32) and note 13 to the accounts (page 119).

Whilst primarily an organisation focused on public safety and environmental remediation 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 Coal Industry Act 1994 and take account of policy from the UK and Welsh governments (for coal licensing) and the UK, Scottish and Welsh governments (through planning policy). This continues to be a politically and publicly sensitive area and we take account of that in how we engage and undertake our role whilst needing to follow the legislation and guidance we operate under. We also continue to provide practical and operational information to government to help them balance the policy judgements they need to make. In 2023-24 we will support and contribute to the inquest into the 2011 Gleision mine disaster. Throughout this process our thoughts remain with the families of the miners who were lost in this tragedy.

In my foreword last year I said how pleased I was that we were being recommended by the Cabinet Office to become a Category 2 responder under their review of the Civil Contingencies

Our Chair, Jeff, with Board members Steve and David at our Board meeting at the Coal Exchange in Cardiff, Wales

Act 2004. I'm even more delighted to confirm that the legislation necessary to confirm this recommendation came into force in February 2023. This is credit to the work of colleagues across the Coal Authority who respond, and support the response of a range of incidents across the breadth of our work and who work 24/7 with partners as needed to protect life, drinking water and the environment. Over the last year our work with local resilience forums (and the regional resilience partnerships in Scotland) has increased which has raised awareness both of the mining hazards that exist and of our work and expertise in mitigating them and responding to incidents related to them.

Our people remain at the heart of what we do and I would like to thank all of our colleagues at the Coal Authority for their hard work and delivery over the past year. They have done this while being impacted by cost of living pressures, inflation and global uncertainty at work and at home. We will continue to focus on supporting, valuing and developing our people and taking action to enable wellbeing and inclusion across the Coal Authority to ensure that we truly are a 'great place to work.'

After 6 years of excellent service Steve Wilson has been extended as a non-executive director for a further year until March 2024. Steve has chaired our safety, health and environment committee during his time with us and championed health, safety and wellbeing and sustainability to the extent that we will have separate board committees for these going forwards. This also reflects our growth and focus as an organisation under our new business plan and vision and changes to our framework document which increased non-executive representation on our board to 5 members.

I am delighted to welcome Bev Smith to the board from 1 April 2023 and would also like to take this opportunity to thank Lisa Robson for joining us in January 2023 as a board apprentice for 12 months under the Department for Levelling Up, Housing and Communities boardroom apprentice programme. I look forward to working with you all, and our other board members, in the year ahead.

Jeff Halliwell
Chair

Chief executive's report

This year has been focused on looking forward, delivering and evolving to meet the ambitions of our new 2022-2025 business plan and 10 year vision. We've taken learning from the challenging years of the pandemic and continued to trial and embed new approaches and ways of working to make us more effective and innovative for now and the future and to help customers access our services and support more easily.

Lisa Pinney MBE
Chief Executive
and Accounting Officer

Our Polkemmet mine water treatment scheme, which protects and enhances the environment in West Lothian, Scotland

A key success has been achieving Category 2 status under 2023 revisions to the Civil Contingencies Act 2004. This will help us work even more closely with our emergency partners to support communities. This builds on our learning from our involvement with a wider range of major incidents over the last few years and the investment and improvements we have made to the resilience of our community and emergency response approaches. You can read more on page 18.

Our emergency response work is supported and underpinned by the essential operational delivery we undertake every day. This year we have responded to 462 reported surface hazards and 220 damage claims and kept our 80 water treatment schemes and are able to treat 220 billion litres of mine water per year, to prevent pollution of drinking water, rivers and the sea. We have also continued to monitor high risk areas for pollution and develop further schemes for the future. This has included expanding our focus on saline mine water recovery in England which will be a growing area of work over the years ahead. Our work on metal mine pollution clean up with Department for Environment, Food and Rural Affairs (Defra) and the Environment Agency in England and Welsh Government and Natural Resources Wales in Wales continues to expand and we were delighted to see the UK government's commitment to addressing this impact on water quality enshrined in law as part of the Environmental Targets (Water) (England) Regulations 2022.

We've continued our work for Welsh Government as part of their tips taskforce to ensure that all higher risk sites have been regularly inspected and maintenance work prioritised for action. We welcome Welsh Government's proposals for a new regime as laid out in their Coal Tip Safety (Wales) White Paper and will continue to support them with the development of a bill on coal tip safety and its future implementation.

All of this is central to our business plan theme to 'deliver for the communities we serve'. Our commitment to our customers is embedded in this – and across each theme of our business plan as well as central to our vision. Last year we expanded the work of our customer team to centralise and improve our response to customers and to more actively identify trends and areas for improvement. For example we noticed that we were having a high level of customer enquiries related to house purchases in the West Midlands where there are many historic mine workings and entries. We have worked with estate agents, financial lenders and insurers in the area to explain our role and provide information and reassurance. 25% of homes and properties across Great Britain are on the coalfield. The vast majority of people will never have any problems but where they do we are here to help.

We have continued to innovate and deliver multiple outcomes throughout this year. Mine water heat continues to gain traction and we celebrate Gateshead Council's new scheme providing heat to homes, council buildings and the international stadium and look forward to working further with them and a range of other partners to bring more schemes on line across Great Britain. Welsh Government have funded work on 'opportunity mapping' to support this in Wales and we held a successful event at Scottish Parliament in February 2023 which we hope will lead to taking forward opportunities in Scotland very soon.

We are also pleased to have begun to sell iron ochre on a regular basis in collaboration with AB Agri who are using the product in anaerobic digestion plants. As Jeff explains this is a great example of the circular economy in action.
Our digital innovation continues and we are working closely with a range of financial lenders to develop products that will help them access our data and information more effectively. Our partnership with the Geospatial Commission

and Geo6 partner bodies is also continuing to be effective and increase our knowledge and reach in this area. All of this helps us to deliver on our theme to 'work with others to create value.'

We've taken further steps to be more proactive in how we can enable or encourage wider social and environmental value from our work alongside economic effectiveness. We're working with partners, local authorities and charities to be creative with land we own or restrictions we hold over land to enable beneficial use for communities and/or social or environmental purposes. We're also using our own land and resources more effectively for multiple outcomes. For example, utilising our land at Nentsberry (North East) to create a calaminarium nursery (grassland that develops on nutrient-poor soils with high levels of toxic heavy metals) in collaboration with Tyne Rivers Trust, supporting sensitive restoration of the area. We are also using reed bed waste on our land at Garrigill (North East) to support carbon sequestration, nature recovery and reducing waste with the potential to roll out across our wider operational estate.

Our business plan lays out clear targets for each of our 5 themes to be achieved by April 2025 as well as underpinning work and more detailed plans that expand each approach such as our latest sustainability plan[1] which supports our 'ensure sustainability' theme and shows how we will make progress towards net zero, enhance nature recovery, reduce waste and deliver more social value for the communities we serve.

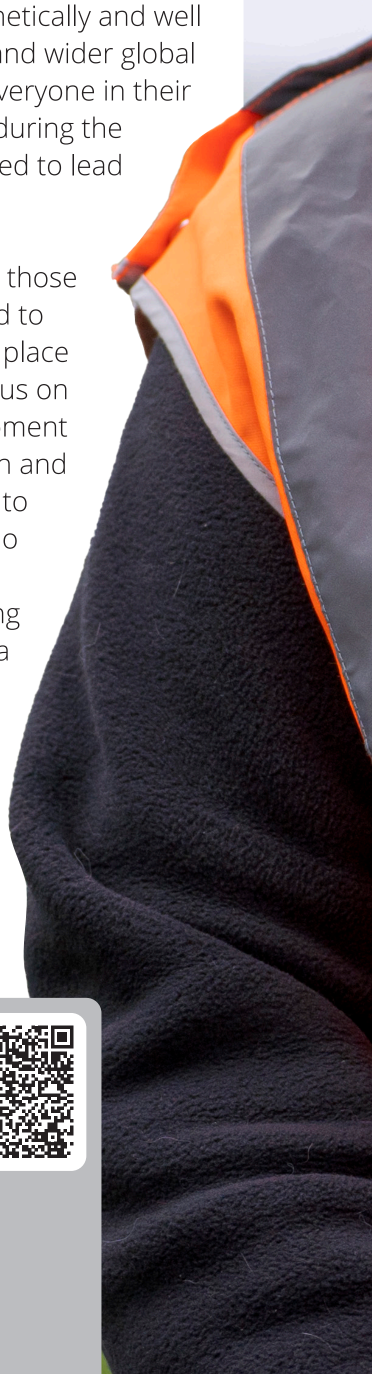
For a medium sized organisation we are highly complex and deliver a very wide range of activities and outcomes, managing and reducing complex risks for the 3 governments we serve. We will continue to ensure that efficiency, value for money and multiple outcome delivery is embedded in every decision we take and look forward to discussing this as part of our arm's length body review in 2023-24.

Our digital transformation work and wider system improvements have continued over the year as part of our 'fit for the future' theme. For example, we have made strong progress in transferring our core systems to the cloud which will give us greater resilience and enable us to more easily implement new systems that allow us to better manage and serve our data, enable our people to collaborate more effectively, and make it easier for customers to use our services. Our progress this year against all of our business plan targets is given at page 25.

None of this would be possible without the great people who work at the Coal Authority and their commitment to making a difference for the communities that we serve. They have done this professionally, empathetically and well despite the financial pressures and wider global uncertainty that has impacted everyone in their personal and professional lives during the last year. I am proud and humbled to lead and support them every day.

To enable our great people, and those who will join us in the future, and to ensure that we are truly a 'great place to work' we will continue our focus on wellbeing, inclusion and development to ensure that we can find, retain and grow great people who are able to solve complex problems and who are passionate about making a difference both today and looking forward. Together we will make a better future for people and the environment in mining areas.

Lisa Pinney MBE
Chief Executive



1 https://www.gov.uk/government/publications/coal-authority-sustainability-plan-2023-to-2026

Lisa on site at Strafford, South Yorkshire, England

Case study:

Our work to enable emergency response

Following work with the Cabinet Office and our sponsoring department BEIS (now the Department for Energy Security and Net Zero), along with support from emergency response partners across Great Britain, we were delighted to be recognised as a Category 2 responder under revisions to the Civil Contingencies Act 2004, which became law in February 2023. This underlines the importance of both our direct incident response and the information and support we can provide to other emergency services, to keep them safe when working in mining areas.

The Coal Authority has been a 24/7/365 incident response organisation since our formation in 1994 and we deal directly with more than 750 public safety and subsidence incidents, hazards and wider issues each year. We have been increasingly called upon by partners to support at major events – such as the 2020 Tylorstown tip slip (South Wales), the 2019/20 winter floods in South

Yorkshire, England and the freight train derailment adjacent to our site at Morlais, Carmarthenshire, Wales. We also worked closely with emergency partners at major incidents relating to mining issues such as the 2021 Skewen, South Wales flood and the 2021 Saltcoats, Ayrshire, Scotland subsidence collapse. Now that we are a Category 2 responder, we can do this more formally and effectively which better supports emergency services and partners, improves planning and information sharing and enables a more joined up response for the communities involved.

In the lead up to becoming a Category 2 responder, we have worked closely with relevant local resilience forums across England and Wales and with the regional resilience partnerships in Scotland to strengthen links, share information and discuss risks and opportunities. We have taken part in 6 multi-agency exercises to test emergency plans including leading a significant exercise at our Wheal Jane metal mine water treatment site in Cornwall, England to test resilience following prolonged wet weather. We will continue to collaborate and provide support as needed.

25% of all homes and businesses across Great Britain are on the coalfield. The vast majority of people will never experience any problems from that but for those who do we are here to help. We can be contacted 24/7/365 on **0800 288 4242**.

Local Resilience Group exercise at Wheal Jane metal mine water treatment scheme in Cornwall, England, as part of our incident preparedness training

Case study:

Our work in Scotland

As a 24/7 emergency responder we work with the emergency services and other partners to protect life and property from the impacts of historic mining hazards. In the early hours of 25 September 2021 we were notified of a serious incident at Saltcoats in Ayrshire requiring the evacuation of eight households which were subsiding. Since then we have worked closely with partners and the community to support those affected, stabilise the historic workings and enable a future use for the site.

Saltcoats sits on the coalfield and the area was mined from the 1600s though to the end of the 19th century. Although there were no specific mine workings shown on our records in this immediate area we quickly established that the collapse was due to unrecorded mine entries which had been found elsewhere in the area. We attended site and supported the emergency services and North Ayrshire Council on the night of the 25 September 2021 and through the initial phase of the incident and then took responsibility for the site, the homeowners impacted and the wider community engagement, working closely with the council and other partners throughout.

We supported the homeowners affected, arranging temporary accommodation and then arranging to buy their homes. Once precious

Aerial view of our site at Saltcoats, Ayrshire, Scotland belongings were removed we moved quickly to demolish the properties to prevent further collapse and risk to public safety. We kept the wider community informed and worked with nearby homeowners who had concerns about the safety of their own homes. This included regular updates, engineering home inspections, installing monitoring equipment to measure for any movement or subsidence and providing information and support for conversations with mortgage providers and insurers.

Over the last year we have continued this support and taken effective action at the site. Within a year of the incident taking place we had purchased each of the 8 properties affected, enabling those families to move forwards with their lives.

Our year in Scotland

We carried out
712
mine entry inspections

We determined
72
hazard and subsidence occurrences

We delivered
56,989
mining reports

We provided
1,353
planning consultation responses

We treated
29 billion
litres of water

We prevented
708
tonnes of iron solids from entering water courses

Following early ground investigations to confirm that unrecorded workings were the cause and to map their extent, we filled the workings with a specialist grout material which fills and stabilises the collapsed ground. We installed 24 rods with monitors and 63 monitoring pins on the site to ensure that any movement is detected. There has been no movement since the works took place in September 2022. We will continue to monitor the site for two years and then it will be released for use. We are liaising with North Ayrshire Council and the community to discuss the best future use for the site.

We continue to keep the local community updated and are grateful for their understanding and cooperation during our works. We minimised heavy machinery, working hours and noise impacts as much as possible and recognise that this can still be disruptive. We have also kept the local MSP, Scottish Government and the office of the Secretary of State for Scotland updated about the incident and subsequent remediation work.

25% of homes and properties across Great Britain are on the coalfield. The majority of homeowners will never have any problems but where they do we are here to help and can be contacted 24/7 on 0800 288 4242. This incident is a clear example of the work we do as an emergency responder, working with Regional Resilience Partnership colleagues across the coalfield areas of Scotland. We work together to protect life, drinking water and the environment from mining hazards and to support those affected by such incidents.

Our site at Saltcoats, Ayrshire, Scotland

Our performance

We are one year through our current 3 year business plan and we're making clear progress against our mission of making a better future for people and the environment in mining areas. Our plan is set against our 10 year vision, underpinned by our values and focused on delivering for the communities we serve. The following sections show the progress we have made in 2022-23.

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

Publication scheme

Mine headgear at the Rhondda Heritage Centre. Tourist site where visitors experience the life of coal miners on a guided tour of a mine shaft.

We are using this scorecard to measure and report our progress between 2022-25.

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.

In 2022-23:	By April 2025:
• We delivered our biggest environment programme to date. We treated less waste overall because of drier weather conditions but created the capacity to treat an additional 3 billion litres of water per year (an increase from 217 to 220 billion litres of water per year) which is a true reflection of our outcome and will be measured alongside the original target in future reports. We continue to deliver our capital programme and are on track to deliver a significant increase in our capacity to treat mine water by 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 resolved 58% of subsidence hazards and claims within 12 months. We continue to make progress and are on track to meet our 2025 target	• we will resolve 90% of subsidence hazards and claims within 12 months
• through our planning and permitting services we have enabled 160,000 hectares of regeneration and safe development for both environmental projects and community use. We are on track to meet our 2025 target	• 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 have increased our scores by 10% against the ServiceMark accreditation measures during the last 12 months. We are continuing to build on our customer service standards and are on track to meet our 2025 target	• we will achieve ServiceMark accreditation for our service standards from the Institute of Customer Service

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 a 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 provide a joined up response to 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'. During 2023-24 we will update and republish our customer standards and replace our customer strategy with a new customer plan.

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.

In 2022-23:	By April 2025:
• we have reduced greenhouse gas emissions from our estate, operations and travel by 34% against our baseline. We are on track to deliver our 2025 target	• we will reduce greenhouse gas emissions from our estate, operations and travel by 65% from our 2017-2018 baseline
• we better understand social and environmental value and have delivered a number of practical examples in our communities, see our case study on "Our work to enable social and environmental value" on page 31. Work is underway to define our integrated reporting framework. We are on track to deliver our 2025 target	• we will implement integrated reporting that uses evidence based and measured targets to show our commitment and progress on our sustainability goals
• we have undertaken an initial review and work continues to inform our climate change plan. We have more to do to meet this target in 2025	• 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
• work is underway and we will publish our nature recovery plan in 2023-24. We have more to do to meet this target in 2025	• we will have a nature recovery plan and will demonstrate how our estate and operations are being optimised for nature's recovery

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. We have published our new sustainability plan which includes real consideration of environmental and social sustainability and factoring this thinking into our decision making and reporting. We continue taking action to decarbonise our activities and maximise carbon sequestration at our sites. We are also taking action to support resilient nature and wildlife by managing our sites and estate in the best way possible. We published our sustainability plan in March 2023.

Coal Authority colleagues at our mine water treatment scheme at Sheephouse Wood, South Yorkshire, England

Work with others to create value

Scorecard outcome:

We will generate more value and deliver wider environmental and social benefit from our assets, services and work.

In 2022-23:	By April 2025:
• we enabled one large operational mine water heat scheme at Gateshead, North East England. We are on track to deliver our 2025 target	• we will influence and enable 4 large operational mine water heat schemes across Great Britain
• we reused/recycled 89% of our waste iron solids and continue to collect data on iron ochre accumulation in our treatment processes.	• we will reuse or recycle 95% of the iron ochre and iron solids generated from our mine water treatment schemes to prevent disposal in landfill
• we increased our service delivery to partners by 20% from our 2021-22 baseline. We are on track to deliver our 2025 target	• we will increase our service delivery to partners by 30% from our 2021-22 baseline of £2.49 million/year
• we are working with the lending industry to develop new products to support faster decisions. We are on track to deliver our 2025 target	• we will assist the lending industry in making faster decisions for home buyers on the coalfields

Value creation (financial, environmental and social) is key to our thinking at the Coal Authority and we are constantly looking for new innovation and efficiency to deliver better outcomes, new opportunities and savings for the taxpayer. We're passionate about past mining communities 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. During 2023-24 we will publish our mine heat opportunities and by-products opportunities frameworks.

Create a great place to work

Scorecard outcome:

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.

In 2022-23:	By April 2025:
• we have made good progress in increasing the diversity of our workforce with increases in the number of female, ethnically diverse, LGBTQ+ and disabled colleagues. We have more to do to meet this target in 2025	• we will make demonstrable progress towards our workforce being more reflective of the diversity of the communities we serve across Great Britain
• we have been speaking with partners and looking at best practice in this area. We have more to do to meet this target in 2025	• 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 achieved a strong 4 star rating in the British Safety Council 5 Star Health, Safety and Wellbeing Audit. We are on track to deliver our 2025 target	• we will achieve a 5 star rating in the British Safety Council 5 Star Health, Safety and Wellbeing Audit
• we achieved a 66% employee engagement score in our 2022 survey. We have more to do to meet this target in 2025	• we will increase our employee survey engagement score by 10% against the 2019 benchmark of 67%

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. We published our health, safety and wellbeing plan in August 2022 and our anti-racism plan in July 2022. We continue to deliver against our equality, diversity and inclusion strategy (2021-24).

Make us fit for the future

Scorecard outcome:

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.

In 2022-23:	By April 2025:
• we have updated 35% of our strategic IT systems to run them in the cloud. We are on track to deliver our 2025 target.	• we will update 100% of our strategic IT systems and run them in the cloud
• 78% of our services are now digital by default, which equates to 99% of our transactions. We are prioritising cost effective options for improvement in our services and information to take us towards 100% digital by default. No new transactional systems were built in year. We have more to do to meet this target in 2025	• 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 have completed the delivery of a core suite of Microsoft 365 products which will enable improved collaboration within the organisation and for our partners. We are on track to deliver our 2025 target	• we will make progress on implementing systems that allow simpler, improved collaboration within the organisation and with partners
• we have made good progress in developing a data and information plan to publish in 2023-24. This will show how we'll maximise the future use of the data and information we hold and make it findable, accessible, interoperable and reusable. We have more to do to meet this target in 2025	• we will make progress in improving our findable, accessible, interoperable and reusable (FAIR) data self-assessment ratings

We've set out a high level of ambition through our vision and our 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. During 2023-24 we will publish our data and information plan.

Our site at Nentberry in Cumbria, England

Case study:

Our work to enable social and environmental value

During 2022-23 we worked with Defra, the Environment Agency, Cumbria County Council[1] and the Tyne Rivers Trust to maximise the potential of our new site at Nentsberry (Cumbria, England) for social and environmental value for the local community and catchment.

We bought the 10 acre field as part of our work with Defra and the Environment Agency on the Water and Abandoned Metal Mines programme to reduce pollution from metal mines across England and help deliver the ambitions of the Environment Act 2021. We needed it to create a check weir in the river and build a pumping station out of local stone to transport mine water from Haggs adit to our new mine water treatment scheme at Nent Haggs, further along the catchment.

During discussions with Cumbria County Council it became clear that the A689 road adjacent to the field suffered from surface water flooding and ice, causing nuisance and risk to the local community. We were able to design a solution using our land to better manage the water using natural flood management approaches.

We are working with Tyne Rivers Trust and local volunteers to enhance habitat creation at the site. This includes a pond, wetland scrapes, tree and shrub planting, and species rich grassland. We are also establishing a calaminarium nursery using metal rich substrates arising from pollution remediation work in the adjacent river Nent and river West Allen at Carrshield, within the Tyne catchment. Calaminarium species are metal tolerant plants and many are rare at a global scale. It is important for our metal mine remediation programme that in preventing water pollution we not only maintain existing calaminarian plant communities but also establish new areas within these restoration schemes. Our Nentsberry nursery will enable calaminarium species to be established, grown and then planted into diffuse restoration projects across the Tyne and Wear catchments. This will complement work being done by the Area of Outstanding Natural Beauty (AONB) at their Bowlees Visitor Centre in Teesdale.

We've designed the site to encourage access for the local community and have created a permissive footpath across the site which links up with other public rights of way in the local area.

> "During discussions with Cumbria County Council it became clear that the A689 road adjacent to the field suffered from surface water flooding and ice, causing nuisance and risk to the local community. We were able to design a solution using our land to better manage the water using natural flood management approaches."

1 Now Westmorland and Furness Council with effect from 1 April 2023

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 mine water schemes will enable us to treat mine water and protect the environment into the future. We've 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 the Department for Energy Security and Net Zero (formerly Business, Energy and Industrial Strategy (BEIS)) to communicate the risks and sensitivities behind our funding requirements and have delivered in line with our forecasts. Grant in aid received from BEIS and the Department for Energy Security and Net Zero in the year was £58.0 million (2021-22: £53.2 million) reflecting an increase in the net cost of our operations. This is explained and illustrated on the graphic opposite (note that a significant proportion of this cost was provided for in previous years as explained at note 13 (page 119) of the financial statements and is not charged directly to the Statement of Comprehensive Net Expenditure in the year).

Working with our partners we delivered our largest ever annual capital programme to protect watercourses, drinking water aquifers and prevent flooding. Operating expenditure on our schemes has significantly increased, driven primarily by inflation in power and chemical costs. 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 and it is pleasing that we made our first delivery towards the end of the financial year of our ochre by-product to be used in anaerobic digestion. This initiative is expected to reduce our net cost by £1.0 million over the next 5 years.

Our expenditure on public safety is reactive and can vary from year to year. 2022-23 expenditure reduced compared to previous years reflecting the work we undertook during 2021-22 to resolve a number of significant claims and incidents including our support of the emergency response at Saltcoats, North Ayrshire and ongoing work to remediate mining features at Skewewn, South Wales. The development cost shown in the figure above includes ongoing expenditure at the former colliery site at Clipstone, Nottinghamshire, England, to make the mining features safe and allow development of the site so that it can be put into beneficial use for the community.

Mining reports income of £7.0 million reflects a £1.4 million reduction compared to the prior year, reflecting a slow-down in numbers of property trsansactions, as well as the success of our policy to make our data available, opening up the market from a previous near monopoly position. Our advisory and technical services work generated income of £6.8 million (2021-22: £6.4 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 (Defra) and Natural Resources Wales (NRW), and supporting Welsh Government with the safe management of tips.

Financial statements

Our accounts are dominated by the provisions balance of £2,211.0 million. The rationale and methodology for calculating this are shown at note 13 to the financial statements (on page 119). 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 2022-23 financial year. This balance has reduced by £3,407.0 million (2021-22: increase of £3,102.0 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 a reduction of £4,467.0 million (2021-22: increase of £2,759.0 million).

Our underlying cash flows, on which the provision balance is calculated, have been updated based on latest information and have increased by £516 million to £3,350 million. This recognises significant increases as a result of high rates of inflation, especially in power and chemical costs affecting mine water schemes, and reflects the trend over recent years of managing an increasing number of complex public safety incidents.

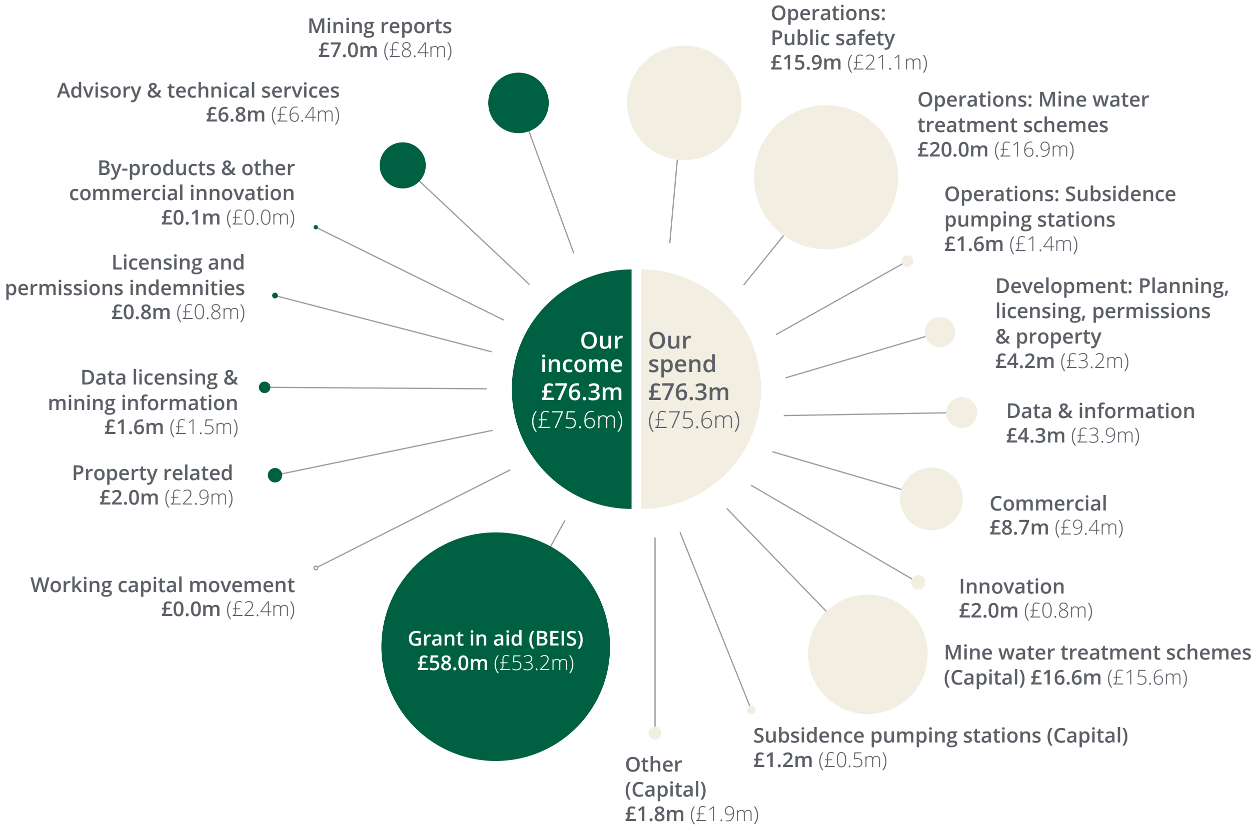
Statement of Comprehensive Net Expenditure

Comprehensive net income for the year to 31 March 2023 was £3,347.5 million as compared to comprehensive net expenditure of £3,149.2 million in 2021-22. The large difference between the 2 years is driven by the provisions movements outlined above. Excluding these provisions movements, comprehensive net expenditure for the year was £34.4 million (2021-22: £18.9 million), an increase of £15.5 million.

The reasons behind this movement are outlined overleaf.

How we used our money in 2022-23

2021-22 figures are shown in brackets



Income of £18.3 million per the Statement of Comprehensive Net Expenditure is the total of the income figures above excluding grant in aid and working capital movement.

Total operating income

Total operating income, which excludes grant in aid, was £18.3 million (2021-22: £20.0 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:

- a 14% year-on-year reduction to the size of the market, due to the effect of the prevailing economic conditions on the number of property transactions, combined with the modest loss of market share during the year (a 2% reduction to 42%), has resulted in the reduction to mining reports income. Mining reports revenue has reduced by £1.4 million to £7.0 million, whilst data licensing and mining information revenue increased by £0.1 million to £1.6 million

- our advisory and technical services income has risen, by £0.4 million, to £6.8 million. This is driven mainly through expanded metal mine programmes that we deliver for the Defra and NRW

- the other change in our income from 2021-22 relates to the sale of properties with a reduction of £1.0 million profit on disposal of investment properties (see note 4.2 to the financial statements (page 109)). This income can be unpredictable as its timing is largely outside of our control

- minor changes in by-products and other product and services income account for the remaining increase of £0.2m

Expenditure

- staff costs of £19.9 million showed an increase of £2.1 million compared to the previous year. Pay award, at 3% in line with civil service pay remit guidance, accounts for £0.5 million. The remainder of the increase is driven by 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 scheme capital programme to protect the environment, providing more advice and technical services to our customers, and to enable the organisation to embed an even more resilient and effective emergency response capability as we continue to deal with an increasing number of complex incidents

- purchase of goods and services (not including our front line costs previously provided) increased by £1.6 million to £10.7 million. The largest constituent part of this is £0.7 million provided for expected credit losses (see note 10 on page 116). Other drivers include an increase in digital costs over the year as we continue to make good progress on our project to transition to cloud hosting of our systems to improve our resilience and efficiency; and on-going work on our programme of increased sustainability, including assessment of renewable energy options to reduce future cost

- depreciation, revaluation and impairment charges increased by £10.2 million to £21.3 million, reflecting an increase of investment through our mine water treatment scheme programme and the completion of schemes, whereby under our accounting policy we immediately impair our schemes to nil net book value when they become operational

More information is available in notes 3 (page 107) and 4 (page 108) to the financial statements.

Statement of Financial Position

Net liabilities at £2,201.9 million reduced by £3,405.5 million (2021-22: £5,607.4 million). Key factors were:

- provisions against future liabilities reduced by £3,407.0 million as a result of the review in provisions outlined above. Further information is available at note 13 (page 119) to the financial statements

- the reduction in total non-current assets is predominantly driven by the timing of impairment of mine water schemes (held in property, plant and equipment) once construction has been completed and they become operational, as outlined above

- trade receivables have reduced by £0.7million to £4.0 million, primarily as a result of the timing of issuing invoices and the receipt of payments from Welsh Government in relation to tip management services, with the increase in accrued income being broadly off-set by a specific amount assessed as unrecoverable within expected credit losses

- cash and cash equivalents stand at £13.2 million (2021-22: £14.3 million): see the section below on cash flow for details on movements

- trade and other payables have seen a reduction of £2.9 million, with the main driver being a reduction to accruals relating to timing of public safety and mine water schemes expenditure

Cash flow

There was a net reduction in cash during the year of £1.1 million. Constituent parts of this movement were:

- the receipt of £58.0 million grant in aid from the Department for Energy Security and Net Zero (2021-22: £53.2 million); the increase, which is the major movement in our cash balance year on year, is drawdown from the department to cover working capital relating to 2 main areas: settling public safety incidents and our capital programmes, in line with the commentary on accruals above

- a net cash outflow from operating activities of £39.9 million (2021-22: £35.7 million); we have spent more this year on our operations, particularly; as a result of significant inflationary cost pressures in relation to the operation of our mine water schemes; on the emergency response to a burning tip at Beever Lane, Barnsley; ongoing work to remediate the mining features at Skewen, South Wales; as well as a number of other significant public safety claims and incidents

- a net cash outflow from investing activities of £18.7 million (2021-22: £13.5 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, as well as a reduction of £1.4 million of income (2021-22: £3.0 million) from the sale of properties owned or previously owned

- at 31 March 2023 we held £13.2 million cash (2022: £14.3 million); this includes £1.4 million (2022: £1.4 million) of ring fenced funds in respect of security called in from mining operators that have been liquidated, and 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, the Department for Energy Security and Net Zero. 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 Wheal Jane mine water treatment scheme in Cornwall, England

Our year in England

We carried out
8,631
mine entry inspections

We delivered
89,276
mining reports

We determined
535
hazard and subsidence occurrences

We provided
7,516
planning consultation responses

Case study:

Our work in England

View the Countryfile episode on iPlayer

We continually look to innovate and improve our mine water treatment schemes to enhance their effectiveness and efficiency and look for opportunities to refine chemical or power use to reduce their carbon and sustainability impacts and maximise the environmental outcomes from each site.

Our mine water treatment schemes are essential to protect drinking water, rivers and the sea from pollution from historic mine water. We have the capacity to treat more than 128 billion litres of water across our 76 schemes and are constantly monitoring water quality, prioritising and designing and building new schemes to address future risks. We do this for the coalfield areas and, in England and Wales, for metal mines. In England this work is funded by Department for Environment, Food and Rural Affairs (Defra) as part of the water and abandoned metal mines programme which now has legally binding targets set under the Environment Act 2021.

We treated
80 billion
litres of water

We prevented
2,723
tonnes of iron solids from entering water courses

The Wheal Jane scheme in Cornwall was originally built by the Environment Agency in 2000 following a significant pollution incident affecting more than 10km of the River Carnon and the wider Fal Estuary in 1992. In 2011 we took responsibility for the ownership and management of the scheme.

Wheal Jane treats 5.6 billion litres of mine water each year, removing arsenic, cadmium, copper, iron, lead, manganese, mercury and zinc before discharging clean water to the River Carnon catchment. It was featured on Countryfile in February 2023 and you can find out more by scanning the QR code above.

During 2022-23 we have invested further at Wheal Jane to improve its efficiency and resilience for the long term. This included lime system upgrades, replacement of the wash water pipeline and pumps, replacement of the compressor, additional fire protection measures and further works to upgrade an additional pumping location in the event of extreme weather. We've worked with our contractors JF Hunt, who manage the operation of the site, in assessing 9 years of performance data from the site and to identify opportunities through artificial intelligence to reduce chemical dosing and run the plant even more effectively in the future. We will take the learning from this and use it to inform the management of our other sites in the years ahead.

Health, safety and wellbeing

We've launched our 2022-2025 health, safety and wellbeing plan with a focus on behavioural as well as procedural safety and increased recognition of our work to support the mental health and wellbeing of our people. Our people survey showed that 93% of our people believe that health and safety is a priority for the Coal Authority, 88% are confident that action would be taken if they reported a health or safety concern and 80% believe that the people in their team genuinely care about their wellbeing.

We've made sustained progress against each of the actions in our health, safety and wellbeing plan: 2022 to 2025[1] including the development and launch of a new online health, safety and wellbeing management system which enables us to improve our use of data, take more timely, informed action to further reduce risk and has simplified reporting for our people, partners and supply chain. We worked with the Health and Safety Executive Mines Inspectorate to develop new procedures if we need to re-enter abandoned mines to manage safety or pollution and provided refresher training to all those involved with work under the Construction (Design and Management) Regulations 2015.

We benchmarked our approach using the British Safety Council 5 Star Occupational Health and Safety Audit in February 2023. We achieved 90.7% which is a high 4 star result. Feedback noted 'good evidence of leadership at every level of management, with a significant emphasis on safety and wellbeing' as well as 'a positive relationship between the Coal Authority and its main contractors'. We will use the learning from the audit, alongside the feedback from our people survey, to inform the continued delivery of our health, safety and wellbeing plan and performance in 2023-24.

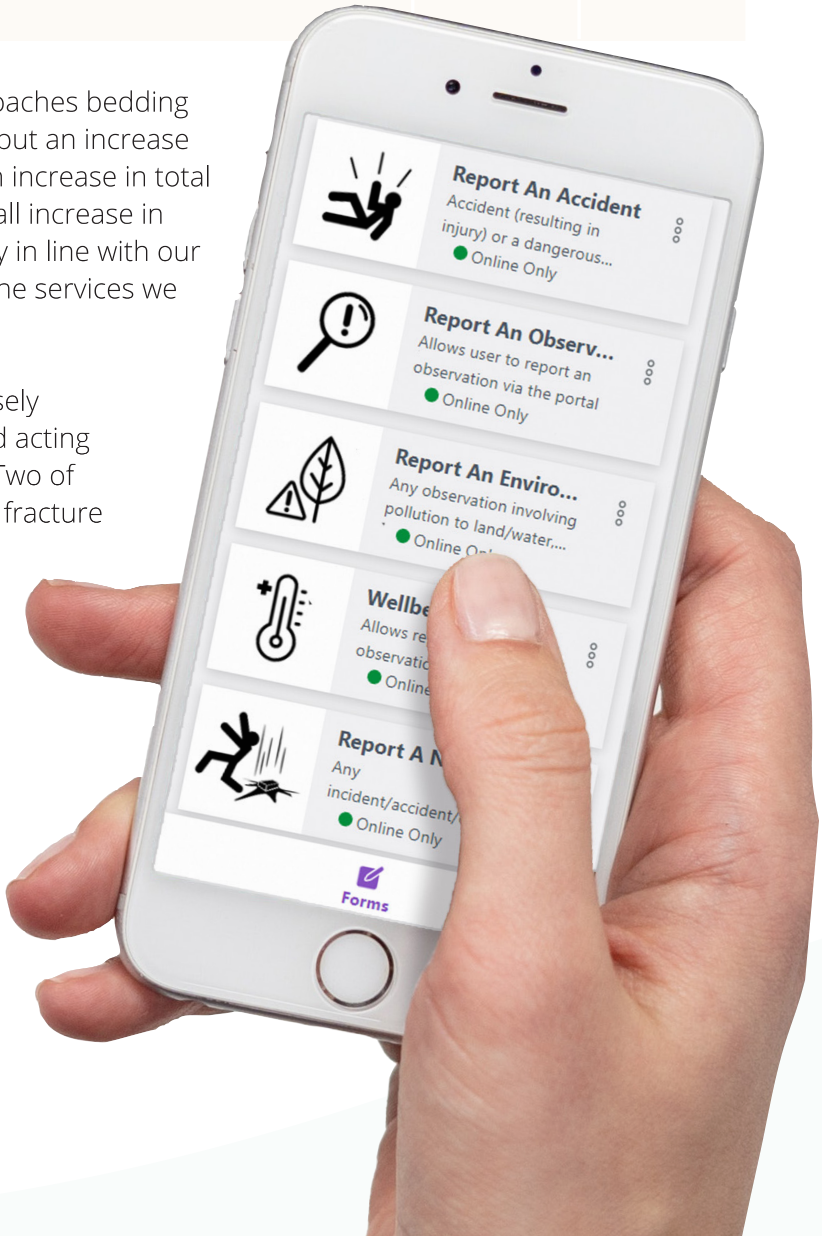
We recognised that our people have continued to be subjected to external pressures following the pandemic including inflation, financial pressures and wider global uncertainty. We've increased awareness of the support available to people including our employee assistance scheme, employee health checks, mental health awareness training and support from mental health first aiders. We talk about this regularly at colleague engagement calls and run regular campaigns providing information and guidance on a range of health and wellbeing related issues. Our staff engagement group, safety, health, environment and wellbeing group and colleague networks are important engagement opportunities and allow timely action or feedback to be given to any questions, concerns or opportunities raised.

1 https://www.gov.uk/government/publications/coal-authority-health-safety-and-wellbeing-plan-2022-to-2025/

Measure		2022-23	2021-22
Proactive	HS&W observations – unsafe acts (staff and contractors)	1,962	2,407
	HS&W observations – good practice examples (staff and contractors)	574	281
	HSW inspections (staff)	322	218
Reactive	Accidents – no time lost (staff and contractors)	11	7
	Accidents – lost time (staff)	1	1
	Incidents – Reporting of Injuries, Diseases and Dangerous Occurrence Regulations (RIDDOR) (Staff & Contractors)	2	1

Our 2022-23 statistics show our new approaches bedding in. We have seen fewer unsafe act reports but an increase in good practice examples reported and an increase in total reports overall. We have also seen an overall increase in colleague HSW inspections which is broadly in line with our growth as an organisation as we increase the services we deliver for others.

We are not complacent and have been closely monitoring, investigating, learning from and acting on the small increase in accidents in year. Two of these were RIDDOR reportable and were a fracture sustained following a slip on site and a foot injury to a contractor while using a mower. These were fully investigated, the root cause identified and action taken and shared with our people and supply chain partners to prevent a recurrence.



Right: Assure GO+, our new Health Safety and Wellbeing software

Case study:
Our work in Wales

Working with partners, including Neath Port Talbot Council, Natural Resources Wales and the local community we designed and built a mine water management system for the village of Skewen (South Wales) to reduce the risk of future flooding from mine workings following extreme weather.

On 21 January 2021 following months of wet weather and the devastating impacts of Storm Christoph across Wales, a flooding event occurred in the village of Skewen, in the borough of Neath Port Talbot, South Wales. The flooding in the village was a result of an outburst of water from below ground which caused a collapse in a residential road. This event caused the temporary evacuation of more than 100 homes and led to the flooding of 78 properties. The event had a significant impact on the community and its residents and we, alongside a range of emergency partners and the local authority, worked to support them as they recovered from this tragic event.

Mine workings in the area date back to the early 1800s and are significant across the area. To give residents peace of mind and to reduce the risk of such an event happening again in the future we designed and built a mine water management scheme which uses a combination of upstream boreholes to monitor water levels and a modern water management system to carry the water away from the village. The system is deliberately oversized to ensure that it can handle future extreme weather events and the impacts of climate change.

Work began in 2021 and continued through 2022-23 as we undertook phase 2 of the scheme, replacing the use of an existing drainage channel with limited capacity with a new, purpose built and oversized pipeline for the bottom end of the scheme. We have worked with the community as we have done this to minimise road closures and disruption from the work as much as possible.

The scheme includes real-time, remote telemetry monitoring to ensure that water levels in the mine are monitored 24/7/365 with automatic alarms alerting us to any levels above the normal range.

Our year in Wales

We carried out
1,133
mine entry inspections

We determined
163
hazard and subsidence occurrences

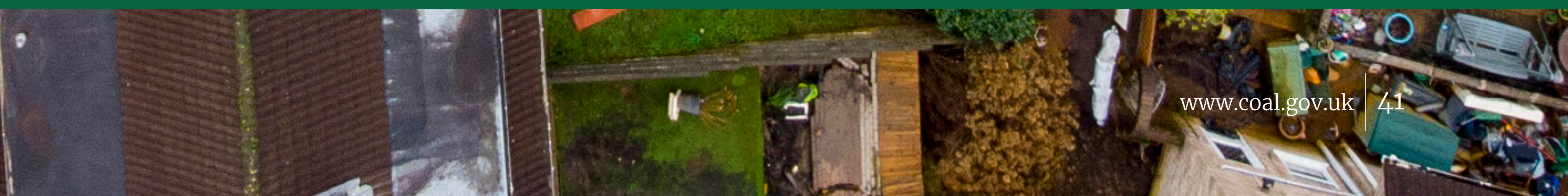
Aerial view of new pipeline construction in Skewen, Neath Port Talbot, South Wales

We delivered
11,049
mining reports

We treated
12 billion
litres of water

We provided
1,367
planning consultation responses

We prevented
325
tonnes of iron solids from entering water courses



Our people

We continued to innovate and evolve to deliver against the ambitions of our new 2022–25 business plan and 10 year vision. We have invested in learning and development and modernised our recruitment approaches to ensure that we can recruit, retain and grow our great people to deliver great customer service and continue to solve the complex challenges that we face as an emergency response organisation on the coalfield.

A key theme of our business plan is 'create a great place to work' and this informs our approach to supporting and developing our people. 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.

This year we, alongside many other organisations, have seen staff turnover increase and faced significant competition for talent. We have approached this in several ways, improving our recruitment reach and processes, investing in the development of our people and increasing the visibility of our values-led approach and the ability that colleagues make for society through our work.

Process improvements to recruitment have reduced our 'time to hire' by 24 days. We've continued to deliver the actions in our equality, diversity and inclusion[1] and anti-racism plans[2] to help us recruit and retain diverse colleagues and published our 'pay gap' report and action plan. Our gender pay gap for 2022[3] is a mean of 15.97% (down 12.31% since 2018) and a median of 17.43% (down 14.20% since 2018). We are pleased with progress but committed to doing more to reduce this. Our ethnicity, disability and sexual orientation pay gap calculations remain impacted by low representation in our organisation and by low self-disclosure rates (which we continue to work on) but we believe that the information is useful and that greater transparency will help inform our continued progress.

Social mobility continues to be important to us and we remain a significant employer across coalfield areas with 85% of colleagues who work for us living on the coalfield.

We've continued to invest in leadership and learning from key technical skills development to important leadership and management skills. We've continued to work to transfer knowledge from those with first-hand experience of mining industries to other colleagues and enabled groups (such as our technical advisory group) to collaborate, coach and learn from each other and inform key decisions and policy across the organisation. This has been underpinned by key digital improvements over the year which make online collaboration easier – essential for effective hybrid working.

We've recognised the impact of inflation and cost of living impacts on our people. We made an average 3% pay award, in line with the guidance of our sponsoring department (the Department for Energy Security and Net Zero, formerly the Department for Business, Energy and Industrial Strategy), which was paid during

1 https://www.gov.uk/government/publications/coal-authority-equality-diversity-and-inclusion-strategy-2021-2024
2 https://www.gov.uk/government/publications/coal-authority-antiracism-plan-2022-to-2025
3 https://www.gov.uk/government/publications/coal-authority-gender-pay-gap-report-2022/

December 2022. Alongside this we have looked across our colleague policies and at our range of benefits to ensure that we provide as much support as possible. For example during 2022 we launched our new family friendly people policies which offer "best in public sector class" benefits across a range of policies from parental leave to flexible working and adoption, surrogacy and assisted conception. We also launched our employee benefits platform operated by Edenred which gives access to the mylifestyle online platform where colleagues can access a range of benefits including discounts on everything from regular food shopping, technology, health care, holidays and gyms.

We have continued to support colleagues' wellbeing and health for example through continuing to provide mental health awareness training for colleagues and the provision of mental health first aiders. Our wellbeing group which originally set up as a forum for mental health first aiders has evolved into a group of colleagues from across the organisation who are committed to supporting the continual improvement of our health and wellbeing management. It works as part of our wider equality, diversity and inclusion (EDI) groups and networks to ensure we have an integrated approach.

In October 2022 we undertook our first people survey since 2019, recognising that a huge amount had changed in that time including the COVID-19 pandemic, hybrid ways of working and significant growth in the organisation as we have taken on new responsibilities and increased our service provision. 82% of colleagues took part and our overall engagement score remained consistent at 66% (67% in 2019). 21 measures improved significantly since 2019 including many which show a strong culture and reflect how we work together to create a great place to work for everyone. 10 measures notably deteriorated with most of these related to pay. We'll be working with colleagues across the organisation

Daniel and Mylene from our Innovation team installing equipment as part of our 'Living Lab' at the Gateshead mine water heat scheme, Tyne and Wear, England

Our gender pay gap report

Our diversity and inclusion strategy

Our antiracism plan

during 2023-24 to agree priority areas and key actions to ensure that together we can create a truly great place to work.

We've continued to raise up and listen to voices across the organisation; including our staff engagement group and colleagues from our inclusion and wellbeing networks. In 2023 each of our board committees will be partnered with a staff group and hear directly from them on a regular basis to grow this approach further.

Our hybrid working framework, designed with fairness and transparency at the centre, has continued to work well during the year. We've continued to listen, reflect and act on feedback from colleagues to improve our approach and to learn from partner organisations approaches. We recognise that strong engagement plays an important role and have reshaped our teams to ensure that colleague engagement is a strong focus and that key engagement meetings and channels are clearly signposted. We've also discussed the importance of personal responsibility to keep yourself engaged and informed when working in a hybrid way. We have continued to grow external awareness of our work to help customers stay informed and to make it easier to attract great people to work with us. We are proud of the work our people deliver which makes such a difference to the communities we serve and will continue to look for opportunities to share this.

Coal Authority, Severn Trent Services and AB Agri colleagues at our ochre drying beds at Lynemouth mine water treatment scheme, Northumberland, England

Strategic risks

Risks	Updates and mitigation	Relative rating
Public safety risk A significant hazard caused by past coal mining or incident at a Coal Authority legacy site causes serious injury or fatality.	We have 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 continuing to develop our understanding of the impact of climate change adaptation and extreme weather events on our estate and operations, and this will help to shape our future programmes.	High (increasing)
Saline mine water from inland coalfields Due to the saline nature and location of mine water within the central coalfields, potential solutions may be complex and require significant additional funding.	Analysis of our extensive monitoring of England's inland coalfields demonstrates that the chemistry of the mine water is extremely challenging and will require additional treatment to that normally undertaken. Work is 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 the Department for Energy Security and Net Zero to communicate and manage cost and funding pressures.	High (stable)

Risks	Updates and mitigation	Relative rating
Incidents The scale or concurrency of critical/major incidents impact on the ability of the Coal Authority to achieve its strategic objectives.	During 2022-23 we have been granted Category 2 responder status, which recognises the Coal Authority as a significant organisation in the response to emergencies and incidents that happen on the coalfield. We proactively raise awareness of historic mining hazards with partner organisations including through our mine safe programme.	High (stable)
Recruitment and 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 actively monitor and manage our turnover through early interventions and regular engagement with colleagues. We have developed and implemented a refreshed recruitment and talent plan and embedded a new applicant tracking system. Also refer to supply chain risk mitigation above.	High (decreasing)
Cybersecurity failure World political climate, growing digital dependency, increasingly sophisticated and innovative means of attack leads to a cybersecurity failure resulting in financial or data loss, disruption to service or damage to reputation.	We continue to monitor the global risk landscape and continually improve our technical controls. We understand that a positive cybersecurity culture is key in maintaining an effective defence and we continue to promote training and to raise awareness with all colleagues.	Medium (increasing)
Government policy Policy and legislation changes in areas relevant to our work, including increasing differences in priorities across the 3 nations caused by further devolution, cause inefficiency, legal challenge, uncertainty or reputational impacts.	We continue to work with the 3 nations in delivering our work to maximise the delivery of UK and national outcomes.	Medium (stable)

Risks	Updates and mitigation	Relative rating
Public and partner awareness Ineffective engagement and communication leads to public and stakeholders not having a clear understanding of our remit and activities resulting in lost opportunities and adverse impacts on outcomes.	We continue to improve our stakeholder engagement to local resilience forums and regional resilience partnerships covering the coalfield. We are further strengthening our stakeholder engagement through the implementation of a new stakeholder engagement process beginning with a number of pilot projects during 2023-24. Also refer to incidents risk mitigation above.	Medium (stable)
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.	We have built a "fit for the future" programme structure which will be embedded during 2023-24. We remain on track to publish a detailed data and information plan in 2023-24.	Medium (stable)
Health, safety and wellbeing We fail to identify and properly manage health and safety risks resulting in fatality, injury, ill health or poor wellbeing to anyone affected by our activities and/or assets.	We continue to prioritise our people's safety and wellbeing and have robust and proactive processes and procedures to manage our health, safety and wellbeing risks. We adopt a proportionate response to manage this risk but it cannot be eliminated.	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 have continued to identify innovative uses for our by-products and generate operational efficiencies including the use of our ochre in anaerobic digestion. We work with partners to progress mine water energy opportunities and collaborate with the Department for Energy Security and Net Zero, British Geological Survey and other organisations to maximise our success.	Medium (decreasing)

Case study:

Our work to enable the circular economy

Working with a commercial partner in the agri-food sector we have developed a beneficial use for our iron ochre in anaerobic digestion which diverts it from landfill and replaces the use of a manufactured additive produced abroad. This is a great example of the circular economy in action and something we will build on in the years ahead as part of our commitment to reuse or recycle 95% of ochre and iron solids produced from our mine water treatment schemes.

Iron ochre is a natural by-product generated by our mine water treatment schemes as they work to remove metals and other contaminants from mine water and prevent pollution of drinking water, rivers and the sea. Previously ochre was treated as a waste and sent to landfill. Over the past few years we have been innovating and working with partners to develop alternative uses for this material as part of our commitment to sustainability.

We've worked on a range of practical uses including using the ochre to remediate arsenic contamination in land which is very effective. In 2020 we won 2 UK Brownfield Awards for our work on this with the Mersey Gateway project. Ochre is really effective for land remediation but the need for it is relatively unpredictable. We've continued to look for other uses which would be more consistent in the volumes needed.

Our ochre product ready for transport to Anaerobic Digestion plants across Great Britain

This included working with AB Agri, a supplier to the agri-food sector, to undertake trials of ochre in anaerobic digestion plants. Anaerobic digestion plants previously used a manufactured iron based additive to capture hydrogen sulphide which reduces the risk of odour from the process and reduce maintenance to the plants. We found that our ochre, dried to 50% moisture content, was suitable to replace the manufactured product.

Since February 2023 AB Agri have been using our ochre in their own anaerobic digestion plants and promoting a co-branded Great Britain ochre product to other operators in the anaerobic digestion sector.

This generates income for the Coal Authority and saves previous landfill costs which reduce our overall costs to the taxpayer. Using a Great British by-product rather than importing a manufactured product from overseas saves cost and carbon for the anaerobic digestion sector and provides local economic opportunity here in the UK. This delivers on our sustainability commitments and our focus on providing social and environmental value, alongside value for the taxpayer, from our work.

> “In 2020 we won 2 UK Brownfield Awards for our work on this with the Mersey Gateway project. Ochre is really effective for land remediation but the need for it is relatively unpredictable. We’ve continued to look for other uses which would be more consistent in the volume they need.”

Sustainability and the environment

We've continued to make good progress on embedding our commitment to be a more sustainable organisation. Sustainability is a core theme of our business plan and 10 year vision. In March 2023 we published our sustainability plan[1] which sets out how we will make further progress in the years ahead.

Our sustainability plan explains our sustainability priorities for the next 3 years supporting our core work and maximising positive change. Our 6 priorities are reducing our greenhouse gas emissions, being nature positive, supporting the circular economy, adapting to climate change, enabling social value and empowering sustainable change. We remain committed to being net zero by 2030 and have explained more about our approach in the plan. We have considered the sustainability policies and ambitions of the 3 nations we serve across our work.

As we focus more on improved data collection and transparent reporting, we continue to learn more and to better understand our benchmarks in some areas. We've been clear in the UK Greening Government Commitments on the following pages where this is the case – for example, mine water treatment scheme water usage and total waste.

1 https://www.gov.uk/government/publications/coal-authority-sustainability-plan-2023-to-2026

We are pleased to have made further progress against our commitments. During 2022-23, key successes include:

reducing greenhouse gas emissions from our estate, operations and travel by 34%

increasing the zero or ultra-low emission vehicles in our fleet to 54%

re-using or recycling 91% of our waste[1]

developing a **new beneficial use** for our iron ochre by-product (see case study on page 48)

reducing single-use plastic use at our Mansfield office

working with partners and communities to bring social and environmental value to life through our work (see case study on page 31)

beginning to baseline and **develop nature recovery** and opportunity plans across our estate

1 This includes all waste from our Mansfield office and all waste from our mine water treatment schemes with the exception of our metal mine scheme at Wheal Jane, Cornwall which goes to a specialised mining waste facility for potential future recovery when technological and economic conditions allow.

Our greening government commitments

You can read more about the UK Greening Government Commitments here[2]
*2017-18 is our baseline year.

Power	2022-23	2021-22	2017-18*	
Power generated through our direct use of fossil fuels (kWh)	1,137,505	1,337,849	4,151,179	Liquefied petroleum gas (LPG) used at our Mansfield office for heating, and fuel oil
Total Greenhouse Gases (GHG) emissions from the direct use of fossil fuels (tCO2e)	290.94	341.08	1,141.29	We are using less fuel oil (in 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)	5.89	12.49	13.70	
Purchased electricity (kWh)	26,478,211	27,009,063	20,494,016	We are using more energy from pumping more water at additional locations but GHG emissions are lower due to lower grid GHG intensity and greater use of our own renewable power
Total GHG emissions from purchased electricity (tCO2e)	5,588.76	6,242.33	7,878.51	
GHG emissions head office from purchased electricity (tCO2e)	239.70	257.61	364.94	
Renewables generated (kWh)	932,282	1,359,417	189,966	Our generated power has reduced as a result of supply chain issues in replacing missing and damaged solar panels due to theft/vandalism
Renewables used (kWh)	725,954	883,224	165,501	
Renewables exported to the grid (kWh)	206,328	476,193	24,465	We support grid decarbonisation by exporting our excess green energy to the grid
Carbon intensity (kgCO2e/kWh)	0.207	0.225	0.364	
Total head office power related GHG emissions (tCO2e)	**245.59**	**270.10**	**378.64**	
Total power related GHG emissions (tCO2e)	**5,879.70**	**6,583.41**	**9,019.80**	
Total expenditure on energy use	**£6,345,257.46**	**£5,497,513.14**	**£4,348,855.17**	Increased due to significant increases in energy costs across all sectors

Fugitive emissions	2022-23	2021-22	2017-18*	
Refrigeration and aircon (tCO2e)	46	34	6	A leak in the Mansfield office air conditioning system was detected and rectified, but resulted in additional emissions

2 https://www.gov.uk/government/publications/greening-government-commitments-2021-to-2025

Business related travel	2022-23	2021-22	2017-18*	
Kilometres (km) travelled	1,340,761	1,372,251	1,799,174	Flights for 2 staff to attend and present at the International Mine Water Conference held in New Zealand (4 return flights). Total reported air travel distance for 2022-23 is 78,692km
Number of flights	4	0	73	
GHG emissions (tCO_2e)	201.42	229.06	305.9	
Intensity (tCO_2e/100,000km)	15.02	16.69	17.00	
Total expenditure on travel (domestic and international)	£302,932.96	£305,191.76	£354,537.00	
% fleet vehicles that are ultra low emission or zero emission vehicles (hybrid or full electric)	54.1%	37%	0%	These figures are at year end

Resources – water use	2022-23	2021-22	2017-18*	
Water use (m^3) – Mansfield office	819	484	1,910	Water use at our Mansfield office increased in 22/23 as more people returned to office working. Usage remains down from 17/18 due to improved water efficiency measures and continued hybrid working. Water is used in the chemical process on some of our mine water treatments sites. We have improved our systems to collect data on usage which is more accurate than the original estimated baseline and we will work to make reductions from here.
Mine water sites	15,820[1]	3,435[2]	3,075[2]	
Total expenditure on water	£22,582.52	£46,068.02	£65,259.32	

[1] Abnormal water use for Dawdon currently being investigated

[2] Estimated from average usage

Resources – paper use	2022-23	2021-22	2017-18*	
Paper use (reams A4 equivalent)	246	348	718	

Waste	2022-23	2021-22	2017-18*	
Total waste (tonnes)	20,237[3] (17,621[4])	30,383[4]	1,417[5]	We are now including waste from the Wheal Jane metal mine that we manage for Defra in our annual figures (figure in brackets without Wheal Jane for comparison with previous year and baseline). The Wheal Jane waste goes to a mining waste facility at the site with potential for future resource recovery subject to technology and economic conditions.
Head office waste recycled (tonnes)	3.55	2.88	12	
Waste recycled (tonnes)	15,756	27,325	0	
Wheal Jane Waste (tonnes)	2,616	Not Recorded	Not Recorded	
Head office waste to landfill (tonnes)	0	0.45	6.9	
Waste to landfill (tonnes)	1,859	3,058	1,405	Our mine water treatment wastes have increased from the baseline year as we have better measured our waste and as we carry out more maintenance. This varies year by year depending on our maintenance programme and the mine water flows treated (which can be rainfall dependent). Our focus is on maximising alternative uses for our waste to turn them into useful products and minimise waste to landfill. We use % waste to landfill as our key target.
Waste incinerated (energy from waste) (tonnes)	2.26	0	0	
ICT waste	0	0	0	We reuse, repurpose or recycle our ICT equipment
% head office waste to landfill	0%	14%	37%	
% waste to landfill	9.2%	10.1%	99.2%	Excludes Wheal Jane, which is stored in a mining waste facility
Total expenditure on waste disposal	£6220.14	£4264.71	£3175.71	Mansfield office waste only, as only expenditure on office waste is reported currently for Greening Government Commitments
No. Items Consumer Single-Use Plastics (CSUPs)	110,341	Not Recorded	Not Recorded	We now record and report single use plastics from Mansfield Office. We have developed a plan to reduce and ultimately eliminate these

[3] All waste, includes all mine water treatment scheme wastes including Wheal Jane.

[4] All waste includes mine water treatment schemes but excluding Wheal Jane for comparison to previous year.

[5] Includes waste from active mine water treatment schemes (Dawdon and Ynysarwed) but excludes other mine water treatment and Wheal Jane wastes.

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

Lisa Pinney MBE

Chief Executive and Accounting Officer
10 July 2023

Bev, board member, at our board meeting in Newcastle upon Tyne, Tyne and Wear, England

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 2023. 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 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/government/organisations/the-coal-authority/about** 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 Coal Industry Act 1994 has been further amended by subsequent legislation, including the Water Act 2003 and the Water Services (Scotland) Act 2005. This has extended the Coal Authority's powers to prevent or lessen the effect of the discharge of polluted water from a coal mine onto any land or into watercourses.

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

Review of operations

The chief executive's report (page 14) 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. This, with the performance report, 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 2022-23 which largely offset the increase in 2021-22 (decrease of £4,467 million in 2022-23 compared to an increase of £2,759 million in 2021-22). Please refer to note 13 (page 119) to the accounts.

Future developments

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

Research and development activities

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

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 report (page 42).

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 continue our work to attract, develop and maintain a more diverse workforce. We are making progress but know there is more to do and we will keep delivering against our quality, diversity and inclusion plan to create a great place to work for everyone. 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 95) 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 page 61 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 (page 119) to the accounts.

Auditors

The Comptroller and Auditor General was appointed under the Coal Industry Act 1994 and reports to Parliament on the audit examination. The audit fee was £89,000. No remuneration was paid to our auditors for non-audit work and no other services were provided.

Access to information and complaints

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

We received 83 requests (FOIA, EIR and Subject Access Requests) during the year. All requests except one have been answered within the required 20 working days, or agreed extensions, therefore meeting the standards set by the Information Commissioner's Office (ICO). No requests have gone to appeal. We received 34 letters from Members of Parliament, 4 from Members of the Scottish Parliament and 0 from Welsh Senedd Members. We received 8 complaints from members of the public and other customers. No complaints were referred to the ombudsman. All complaints were dealt with under our complaints procedure and resolved within the organisation. Our complaints procedure can be found on our website[1].

1 https://www.gov.uk/government/organisations/the-coal-authority/about/complaints-procedure

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

There were no related party transactions in respect of board members in 2022-23.

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
- reappointed to 31 March 2026

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
- reappointed to 31 March 2026

Carl Banton
Operations Director

- appointed as board director from 22 March 2021 to 31 March 2023
- reappointed to 31 March 2026

Non-Executive Directors

Jeff Halliwell
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
- reappointed to 31 March 2024

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

Bev Smith
Non-Executive Director

- appointed as board director from 1 April 2023 to 31 March 2026

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 (page 131).

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 Energy Security and Net Zero 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.

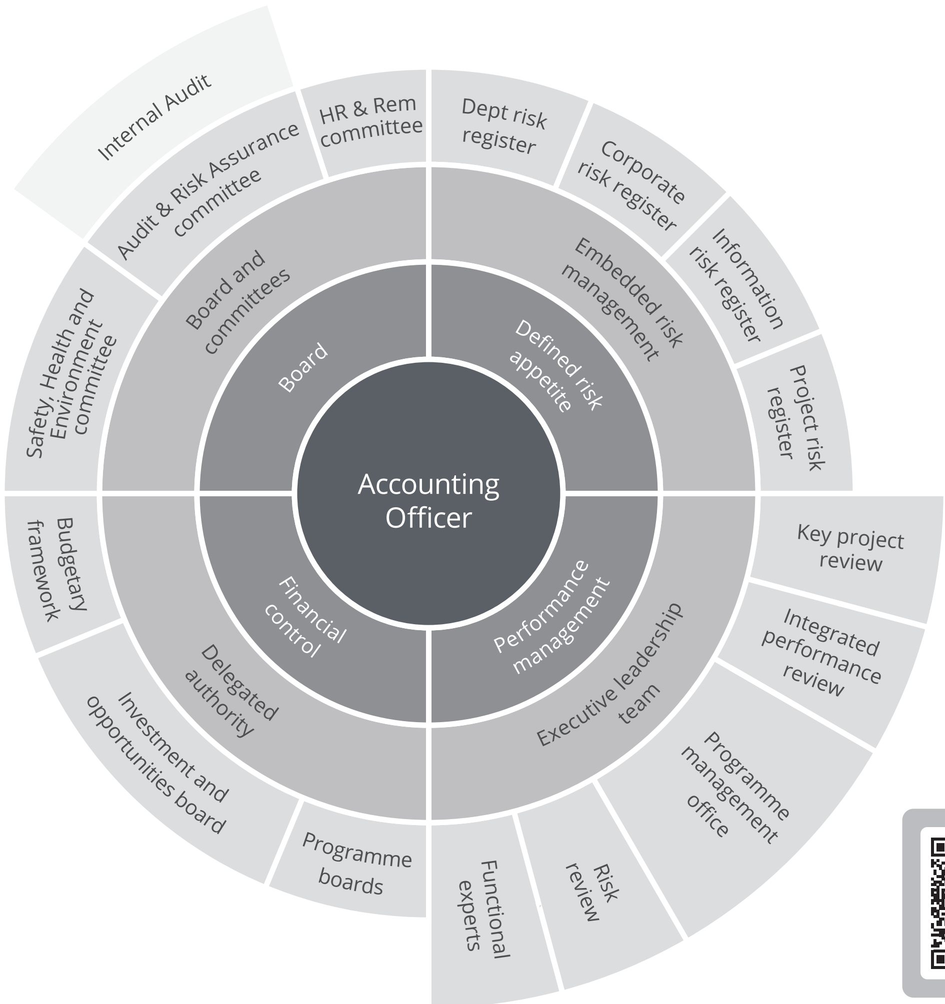
Governance statement

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 explains how these remain effective as the Coal Authority continues to develop 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're committed to high standards of corporate governance. We work within a framework document that is reviewed and agreed periodically with the Department for Energy Security and Net Zero (formerly the Department for Business Energy and Industrial Strategy (BEIS)). The latest version of this can be found online[1]. It sets out the purpose of the Coal Authority, the core elements of our relationship with our sponsoring body and the framework within which we operate.

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



1 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1075164/BEIS_Coal_Authority_Framework_Document.pdf

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.

Non-executive directors are recruited and appointed to the board by the Secretary of State for the Department for Energy Security and Net Zero. Statutory executive directors are recruited to their posts by the board and appointed to the board by the Secretary of State for the Department for Energy Security and Net Zero.

During 2022-23 we held 3 board meetings in public, one each in Scotland, Wales and England. These meetings were also video-streamed to reach a wider audience. Alongside these meetings the board made site visits to Bilston Glen in Scotland, Abercwmboi in Wales and Lynemouth in England.

Other board and committee meetings are held in person or by use of videoconferencing, using our learnings from the period of COVID-19 restrictions to obtain the benefits from a hybrid approach.

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

			Number of meetings (held) and attended			
			Board (7)	ARAC* (3)	HR and Remuneration (4)	SHE** (3)
Non-executive directors	Jeff Halliwell	Chair of Board	7	N/A(1)	4	3
	David Brooks	Chair of HR and Remuneration Committee	6	3	4	3
	Steve Wilson	Chair of SHE Committee	7	3	4	3
	Jayne Scott	Chair of ARAC Committee	6	3	3	2
Statutory executive directors	Lisa Pinney MBE	Chief Executive	6	2(2)	3	3
	Paul Frammingham	Chief Finance and Information Officer	6	3(2)	0(2)	N/A(1)
	Carl Banton	Operations Director	7	1(2)	2(2)	3

(1) The director is not a member of this committee
(2) The director is not a member of this committee but attends by invitation
* Audit and risk assurance committee
** Safety, health and environment

The innovation and engagement director, people and resource director, community and emergency response director and head of legal and records attended the board by invitation. Other senior managers attend the board or committees in order to present papers and join strategic discussions and to support their learning and development.

During 2022-23 the Coal Authority had 7 directors (4 non-executive and 3 statutory executive). From April 2023 this will increase to 8 directors (5 non-executive and 3 statutory executive) in line with our revised framework document agreed with the Department for Energy Security and Net Zero.

In February 2023 Bev Smith was appointed as non-executive director. Bev's formal tenure began on 1 April 2023. She attended the March 2023 meeting of the board as an observer. Steve Wilson was extended as a non-executive director for 12 months from 1 April 2023.

With effect from 1 June 2023 the safety, health and environment committee will be replaced by 2 new committees: Bev Smith will chair the health, safety and wellbeing committee and Steve Wilson will chair the new environment and sustainability committee. These new arrangements will support the Coal Authority's increased focus on sustainability, a key theme of our business plan.

From 1 June 2023 the HR and remuneration committee will change its title to become the people and remuneration committee. The board have also established a new task and finish committee to provide scrutiny and assurance of our inland salinity programme. This committee will be chaired by Bev Smith.

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 for an arm's length body of our size and complexity. In line with our framework document:

- the board monitors the Coal Authority's performance in an effective manner
- the board plays an active role in managing key 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 the Department for Energy Security and Net Zero 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 the Department for Energy Security and Net Zero. Non-executive remuneration is set by the Department for Energy Security and Net Zero 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. During 2022-23 periodic, structured board site visits have recommenced at our sites across the nations we serve.

In December 2022 a session was run with an external facilitator to examine how the change of a non-executive director may affect the board's balance of work preferences and collective strengths.

The board sets annual objectives and reviews these periodically. The board reviewed its collective objectives during 2022-23 and agreed updated objectives. The board considers that it has substantively achieved its objectives and has continued to operate effectively during 2022-23.

The board intends to undertake its next externally facilitated board effectiveness review, aligned to the Cabinet Office arms length body board effectiveness review principles during 2024.

1.3 Board committees

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 three non-executive directors. The Chair of the Board is not a member of the ARAC. The chief executive, the chief finance and information officer and the head of finance attended meetings by invitation. Other senior managers attended the committee in order to present papers and join discussions. In addition one committee meeting was observed 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, provides an annual report to the Board and 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 regularly reviews its effectiveness. The committee met 3 times during the year.

During the year the committee has:

- 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:
  - IT strategy
  - cyber incident response
  - innovation projects
  - business continuity and disaster recovery
  - key financial controls
  - business planning
  - operational unusual assets

The internal audit opinion for 2022-23 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. It also provided recommendations to enhance controls in specific areas which have been adopted as appropriate.

HR and remuneration committee
During 2022-23, membership of the HR and remuneration committee comprised of all 4 non-executive directors and the chief executive. The committee was chaired by David Brooks. The people and resources director, and other

members of the executive leadership team attended meetings by invitation.

The HR and remuneration committee 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 has considered:

- Performance Development Review (PDR) distribution for 2021-22 to ensure the equitable distribution of performance related pay
- the pay remit principles prior to submission to government
- the approach to manage the diversity pay gap and associated reporting
- the anti-racism plan prior to publishing on gov.uk
- the results of the 2022 people survey
- people related management information and analytics for areas such as absence, employee retention, recruitment and Equality, Diversity and Inclusion (EDI)
- the organisation's approach to recruitment and development
- progress with the great place to work for everyone strategy

Safety, health and environment (SHE) committee

The SHE committee was chaired by Steve Wilson. During 2022-23, membership of the committee consisted of all of the non-executive directors of the board; chief executive; operations director; people and resources director; community and emergency response 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 met 3 times during the year.

During the year 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
- health, safety and wellbeing culture and behaviours
- the British Safety Council's 5-Star audit of the organisation
- the organisation's environmental management system
- sustainability and environmental compliance
- the organisation's new sustainability plan

2. 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.

Each director on the ELT reports to the chief executive and is responsible for the leadership and delivery of their directorate and is also collectively responsible for leadership and delivery across the organisation. ELT meetings are also attended by the head of legal, the head of development and a further head of department who attends meetings as a development opportunity on a 6 monthly basis.

Fortnightly business meetings were mostly held by videoconference during 2022-23. These have a formalised rolling agenda which considers all aspects of the organisation's work. The meeting also 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 and programme board
- a review of organisational performance
- a financial summary report
- a review of the Coal Authority's corporate risk
- information on our people and the health, safety and wellbeing of our people, suppliers and the public.

ELT also holds monthly strategy meetings which are predominantly face to face. These generally consider more strategic and longer term items which require more in depth discussion, steer and shape.

3. Financial control

The Coal Authority has a strong system of financial control based on well-defined levels of delegated authority and a clear budgetary framework. Other than the exception noted below, this system has remained effective with no other significant control issues noted 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 (IOB) is chaired by the chief finance and information officer or the head of finance in his absence. To be quorate the IOB will always include two executive directors plus the chief finance and information officer or head of finance. Project sponsors attend the IOB meetings to explain and justify their proposals. The IOB 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 3 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 on page 119) as well as providing a framework for our detailed budget setting and medium term business planning.

In-year expenditure control breach

The Coal Authority breached a Cabinet Office digital expenditure control approval during the period. Expenditure at March 2023 against a specific supplier contract stood at £2.5 million, increasing to £2.7 million in May 2023, against BEIS approval of £1.2 million. During May 2023 a replacement contract was approved by Cabinet Office and procured. The expenditure incurred on the original contract was appropriate and necessary to deliver core Coal Authority services. Overall budgetary control remained strong and Coal Authority digital services were delivered within Board and Executive Leadership team agreed budgets through the period.

On identifying the breach the Coal Authority proactively notified BEIS/Department of Energy Security and Net Zero to work with the spend controls team to seek approval to procure new contracts to regularise this budgeted, essential expenditure as soon as possible. Coal Authority board and ARAC Chairs, departmental team, departmental chief digital and information officer and NAO were also proactively notified.We have controls in place designed to prevent overspend against supplier contracts and have undertaken a comprehensive exercise to understand how these controls failed and identify actions to prevent reoccurrence. These actions include specific measures to enhance hard system controls and dissemination and targeted training to reinforce a positive and proactive contract management and assurance culture.

A full report including lessons identified has been scrutinised and challenged by the Coal Authority's ELT and ARAC and approval was gained from the Coal Authority's board to continue to use the contract to provide essential services in the interim as a new contract was approved and procured.

We are committed to learn the lessons from this isolated incident. We will enhance our controls and continue to drive a positive culture, empowering our staff to deliver within clear frameworks.

4. Risk management

4.1 Embedded risk management and culture

We have continued to focus on continually improving our risk management and assurance processes, promoting understanding of our risk management and assurance framework (RMAF) to promote real time reporting and good quality conversations across all levels of the organisation. Risk management is live and embedded within a culture that encourages real-time discussion and ownership of risks. This is evidenced by:

- clear alignment of our strategic risks to our 3 year business plan
- ongoing ARAC support, scrutiny and challenge including a deep dive review of target risk levels of our strategic risks, which was reviewed at the audit and risk assurance committee
- 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 formally considered by the board for decision
- monthly risk reviews at a directorate level including horizon scanning and deep dives across directorate and department level risks
- a risk register that is live, regularly updated and subject to quarterly management sign off,

periodic audit committee, ELT and business team review

- ongoing communication of the RMAF and high levels of engagement at risk management workshops

4.2 Information assurance and cyber security

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

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 to continue to improve information security awareness. We continue to work towards improving 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.

4.3 Risk assessment

Aligned to our 3 year business plan we have identified the key threats and opportunities which could potentially impact achieving our objectives, and regularly discuss mitigation at an ELT and board level. 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.

4.4 Counter fraud

Our counter fraud activity is led by an appropriately trained member of the government counter fraud profession. We undertake regular fraud risk assessments and assess our fraud response against appropriate government standards. Our counter fraud strategy and progress against objectives are periodically reviewed by the ELT and ARAC.

We have continued to promote strong counter fraud awareness amongst our staff through workshops and mandatory training. We're committed to creating a transparent environment and have a robust policy framework including clear policies for counter-fraud (incorporating bribery and corruption) and whistleblowing. Each policy provides guidance to staff and is part of the induction process. 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.

5. Other considerations

5.1 Alexander tax review

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

5.2 MacPherson review (2013) of quality assurance

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

5.3 Government functional standards

Where applicable, the Coal Authority manages its activities in line with Government functional standards.

5.4 Preventing modern slavery

We have updated our modern slavery statement and approach in relation to supporting the requirements of the Modern Slavery Act 2015[1]

6. 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. Our business plan is ambitious and we will continue to evolve our organisation to make a better future for people and the environment in mining areas as we move into its second year.

During 2022-23 we have continued to promote an even stronger risk management culture, further improved our counter fraud awareness and executed our action plan, and strengthened cyber risk controls. We have also continued to improve the consistency of project management across the organisation to ensure it is flexible, dynamic and can flex based on scale and risk.

We have embedded a structured hybrid working approach that builds on our learnings from the lock down period and best enables us to provide our services across the nations we serve whilst ensuring that systems and governance processes have remained effective and the Coal Authority's critical activities are delivered well.

We realise that it is important to ensure that we are not complacent and will ensure that we act on the lessons identified from the spending control breach outlined at section 3. 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 continue to change.

7. Effectiveness of control environment

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

The system of internal control has been in place in the Coal Authority for the year ended 31 March 2023 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 on page 61, I am satisfied that the Coal Authority's governance, risk management and internal control arrangements are proportionate, fit for purpose and working as intended.

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

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 pay, 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 the Department for Energy Security and Net Zero. 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

The HR and remuneration committee reviews and makes recommendations about the remuneration of the executive directors including the chief executive. All executive pay is agreed within the framework of the senior civil servant pay remit guidance set by Cabinet Office.

The Trade Union (Facility Time Publication requirements)

Under the above regulations the Coal Authority is required to provide details of trade union time. For 2022-23, there is no activity to report.

Staff turnover

59 employees left the organisation during the year, a percentage of 18.5%, compared to a percentage of 10.3% in 2021-22. We have experienced a significant increase in colleagues moving on from the organisation during the year due to external factors such as post pandemic movement and cost of living pressures. Some fixed term contracts have also come to an end. We began to see a reduction towards the end of the year and expect our turnover rate to reduce closer to previous levels during 2023-24. We have focused on improving our recruitment approaches, as we have recruited more people as a result of turnover and continued growth due to increased externally funded service provision. We continue to ensure that the Coal Authority is a great place to work for everyone.

Staff sickness absence

Overall average working days lost per staff year was 5.9 days as against 5.2 days for 2021-22. This increase is mainly due to cases of COVID-19 and other infectious diseases like cold and influenza. 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 (EAP).

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)

Performance related pay is non-contractual and non-pensionable and is subject to obtaining annual approval via the pay remit process from the Department for Energy Security and Net Zero. The pay remit for 2022-23 was approved by the Department for Business, Energy and Industrial Strategy (the predecessor of the Department for Energy Security and Net Zero) in November 2022.

Performance related pay is earned based on a corporate award so that it reflects both corporate and individual performance against objectives. Corporate performance for 2022-23 has been assessed by the board at 100% and performance related pay 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 Department for Business, Energy and Industrial Strategy/Department for Energy Security and Net Zero in line with the code of practice issued by the commissioner for public appointments. Their terms of engagement and remuneration are determined by the Department for Energy Security and Net Zero. 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	2022-23 £	2021-22 £
Jeff Halliwell	31 March 2024	27,050	27,050
Steve Wilson	31 March 2023	11,666	11,666
Jayne Scott	31 March 2025	11,666	11,666
David Brooks	31 March 2025	11,666	1,944
Bev Smith[1]	31 March 2026	845	-
Gemma Pearce	31 March 2022	-	11,666

1 Bev Smith's formal tenure begins on 1 April 2023 and she undertook induction activity during March 2023

Executive directors' remuneration

	Salary £000		Allowance £000		PRP £000		Pension benefits £000		Total £000	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Lisa Pinney MBE	140-145	135-140	-	-	15-20	15-20	55	54	210-215	210-215
Paul Frammingham	95-100	90-95	10-15	10-15	5-10	10-15	40	39	155-160	160-165
Carl Banton[1]	80-85	80-85	5-10	5-10	5-10	5-10	(21)	98	75-80	195-200

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

Executive directors' remuneration includes salary, non-consolidated performance related pay earned in the year under the performance development review 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.

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

We also participate in an HMRC approved cycle to work scheme. Carl Banton participated in this scheme during 2021-22 and 2022-23 and Lisa Pinney participated in this scheme during 2022-23.

No executive directors received any benefits in kind during 2021-22 or 2022-23.

1 During 2022-23, Carl Banton transitioned from a final salary pension scheme to alpha pension scheme. Where the change in pension (normally an increase year on year) is insufficient to offset the inflationary increase, in real terms, the pension value reduces, resulting in the negative value above.

Executive directors' pension entitlements

	Accrued pension at pension age at 31 March 2023 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2023 £000	CETV at 31 March 2022 £000	Real increase in CETV £000
Lisa Pinney MBE	15-20	2.5-5	179	135	26
Paul Frammingham	30-35	0-2.5	440	391	21
Carl Banton	30-35	-	596	552	(34)

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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

Real increase in CETV

This reflects the increase/(decrease) 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, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha**, the figure quoted is the combined value of their benefits in the 2 schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) 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 an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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) is an unfunded multi-employer defined benefit scheme in which 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 2022-23, employers' contributions of £3,508,000 were payable to the PCSPS (2021-22: £3,162,000) at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands (2021-22: 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 were revised for 2019-20 and will remain unchanged until 2024-25. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £42,292 (2021-22: £35,475) were paid in respect of 10 (2021-22: 8) employees were enrolled in partnership accounts in the year.

There were no early retirements on ill health grounds in either 2022-23 or 2021-22.

Average number of persons employed

	2022-23			2021-22		
Department:	Staff	Other	Total	Staff	Other	Total
Development & Information	64	3	67	64	1	65
Operations	116	3	119	109	5	114
Commercial & Innovation	42	1	43	34	1	35
Digital /Information technology	34	4	38	35	2	37
Corporate Management & Services	63	2	65	58	2	60
Staff numbers	**319**	**13**	**332**	**300**	**11**	**311**

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

9.1 full time equivalent persons were charged to capital projects during 2022-23 (2021-22: 7.7).

Staff and related costs

	2022-23			2021-22		
Staff costs comprise:	Staff £000	Other £000	Total £000	Staff £000	Other £000	Total £000
Wages and salaries	13,717	-	13,717	12,437	-	12,437
Social security costs	1,636	-	1,636	1,382	-	1,382
Other pension costs	3,508	-	3,508	3,162	-	3,162
Agency staff costs	-	1,004	1,004	-	773	773
Total staff costs	**18,861**	**1,004**	**19,865**	**16,981**	**773**	**17,754**

Staff composition

As at 31 March 2023	Non-executive directors	Executive leadership team	Senior managers	Staff	Total
Male	3	4	13	163	183
Female	2	2	6	144	155
Total	**5**	**6**	**19**	**307**	**338**

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 we aim to go further than this and be a more diverse, inclusive and actively anti-racist organisation – a truly 'great place to work for everyone'. We champion the career development, career progression and retention of all our employees. We have encouraged and supported a range of diversity networks and we work 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.

We are continuing work to attract, recruit and retain greater diversity in staff at all levels and to develop them through the organisation. We continue to encourage everyone to feel comfortable to confidentially self-disclose diversity data to improve the accuracy of our reporting and enable us to put clear actions in place. Further information about our diversity and inclusion work can be seen in the our people section of this report on page 42.

Reporting of civil service and other compensation schemes – exit packages

2022-23 (2021-22 in brackets)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
£0 - £25,000	0 (0)	1 (0)	1 (0)
£25,000 - £50,000	0 (0)	1 (0)	1 (0)
£50,000 - £100,000	0 (0)	0 (0)	0 (0)
Total number of exit packages	**0 (0)**	**2 (0)**	**2 (0)**
Total cost - £000	**0 (0)**	**60-65 (0)**	**60-65 (0)**

During 2022-23 there were two agreed departures, costing £60,000-£65,000 (2021-22: nil). Exit costs in 2022-23 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.

Reporting of high paid off-payroll appointments

Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater:

	No.
Existing engagements as of 31 March 2023	**8**
Of which, have existed for (at time of reporting):	
less than 1 year	5
between 1 and 2 years	3
between 2 and 3 years	-
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 2023	**17**
Of which:	
not subject to off-payroll legislation	17
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 2022 and 31 March 2023:

	No.
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	10

Consultancy expenditure for the year was £nil (2021-22: £nil).

Pay multiples

The percentage change from the previous financial year for salary and allowances, and performance related pay, of the highest paid director and the employees of the Coal Authority (excluding agency staff) are:

	2022-23	2021-22
Salary and Allowances:		
Highest paid director (mid-point of band for 2023 and 2022: £155,000-£160,000)	3.6%	0.0%
Employees of the Coal Authority	4.9%	1.1%
Performance related pay:		
Highest paid director (mid-point of band)	0.0%	0.0%
Employees of the Coal Authority	5.4%	14.8%

In 2022-23, the average pay award was 2.0% across all levels in the organisation, with an additional 1% to address pay disparity in specific areas which is included in the percentage changes above (no pay award was made in 2021-22).

Performance related pay is linked to the achievement of organisational performance targets, which were met in full during 2022-23. The significant increase during 2021-22 is a consequence of the previous year (2020-21), which used a different methodology and a lower assessment for the achievement of performance targets due to the impact of COVID-19.

The performance related pay for the highest paid director is capped.

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
2022-23	4.7	3.5	2.9
2021-22	5.1	3.7	3.0

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

The figures 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
2022-23	33,368	30,861	44,486	41,224	54,223	52,531
2021-22	31,131	29,227	43,122	41,381	52,466	48,406

In 2022-23 and 2021-22, no employee received remuneration in excess of the highest paid director. Remuneration ranged from £19,968 to £160,000 (2021-22:£18,182 to £160,000).

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 2022-23.

There has been one breach of a Cabinet Office expenditure control caused by an overspend against a specific digital supply contract. This was reported immediately to the chair of the Coal Authority's audit and risk assurance committee, the NAO, and the Department for Energy Security and Net Zero spend controls team, sponsor team and chief digital and information officer. The expenditure was necessary and appropriate to deliver the Coal Authority's core services. A full lessons learned exercise has been undertaken and scrutinised by the Coal Authority's executive leadership team and audit and risk assurance committee with a summary presented to the board. This breach is further outlined within the governance statement on page 61.

Fees and charges

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

The Coal Authority's most significant income streams, as outlined at notes 2 (page 103) and 4 (page 108) of the financial statements, are explained below.

Commercial and innovation operating segment includes the provision of mining reports which generated income of £6,980,000 (2021-22: £8,350,000), costs of £3,175,000 (2021-22: £4,001,000) and a surplus of £3,805,000 (2021-22: £4,349,000 surplus). Expenditure associated with specific programmes and activities is managed and reported under the operations segment, but relates to the enhancement of data and information. The financial objective for mining reports is to provide services at a commercial rate.

Commercial and Innovation operating segment includes the provision of advisory and technical services which generated income of £6,802,000 (2021-22: £6,371,000), costs of £6,639,000 (2021-22: £6,297,000) and a surplus of £163,000 (2021-22: £74,000 surplus). 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 provision of services to our customers across government as we support them in the delivery of key programmes.

Development and information operating segment includes the provision of data licensing and mining information which generated income of £1,593,000 (2021-22: £1,531,000), internal recharges of £1,610,000 (2021-22: £1,917,000), costs of £3,144,000 (2021-22: £3,017,000) and a surplus of £59,000 (2021-22: £431,000 surplus). The financial objective for the provision of data licensing and mining information is full cost recovery (including an allowance for overhead recovery).

Development and information includes the provision of licensing and permissions activities which generated income of £784,000 (2021-22: £767,000), costs of £974,000 (2021-22: £1,070,000) and a deficit of £190,000 (2021-22: £303,000 deficit). 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.

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 the financial statements, in note 16 (page 129) contingent liabilities and note 13 (page 119) 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 note 1.3 (page 95) of the financial statements

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

Lisa Pinney MBE
Chief Executive and Accounting Officer
10 July 2023

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Coal Authority for the year ended 31 March 2023 under the Coal Industry Act 1994.

The financial statements comprise: the Coal Authority's

- Statement of Financial Position as at 31 March 2023;
- 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 2023 and its net income 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 £2,127.0 million as at 31 March 2023 (2022: £5,379.0m). 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 and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the 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 requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is 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 and 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.

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 the Coal Industry Act 1994 and Secretary of State directions issued thereunder;

- 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 Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the Coal Authority or returns adequate for my audit have not been received from branches not visited by my staff; or

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

- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the Coal Authority from whom the auditor determines it necessary to obtain audit evidence;

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- ensuring that the financial statements give a true and fair view and are prepared in accordance with the Coal Industry Act 1994 and Secretary of State directions issued thereunder;

- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance Coal Industry Act 1994 and Secretary of State directions issued thereunder; 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, I:

- considered 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.

- inquired 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 on:

  - identifying, evaluating and complying with laws and regulations;

  - detecting and responding to the risks of fraud; and

  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Coal Authority's controls relating to the Coal Authority's compliance with the Coal Industry Act 1994 and Managing Public Money.

- inquired of management, the Coal Authority's head of internal audit and those charged with governance whether:

  - they were aware of any instances of non-compliance with laws and regulations;

  - they had knowledge of any actual, suspected, or alleged fraud,

- discussed with 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 the 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 required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Coal Authority's framework of authority and other legal and regulatory frameworks in which the Coal Authority operates. I focused 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

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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 risks of fraud 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 expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date: 10 July 2023

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

Gareth, Head of Heat and By-product Innovation, speaking at our mine water heat reception in Holyrood, Edinburgh, Scotland

Financial Statements

Statement of Comprehensive Net Expenditure year ended 31 March 2023

	Note	2022-23 £000	2021-22 £000
Revenue from contracts with customers	4.1	16,324	17,110
Other operating income	4.2	1,958	2,936
Total operating income		**18,282**	**20,046**
Staff costs	3	(19,865)	(17,754)
Purchase of goods and services	3	(10,658)	(9,061)
Depreciation, revaluation and impairment charges	3	(22,196)	(12,022)
Operating expenditure before provision movement		**(52,719)**	**(38,837)**
Provisions movement	3	3,381,698	(3,130,333)
Total operating expenditure	3	**3,328,979**	**(3,169,170)**
Net operating income/(expenditure)		**3,347,261**	**(3,149,124)**
Finance expense		(82)	(112)
Net income/(expenditure) for the year		**3,347,179**	**(3,149,236)**
Other comprehensive net expenditure			
Net (loss)/gain on revaluation of property, plant and equipment		283	6
Comprehensive net income/(expenditure) for the year		**3,347,462**	**(3,149,230)**

The Statement of Comprehensive Net Expenditure and supporting notes to the accounts have been prepared and presented in accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by HM Treasury.

Notes on pages 95 to 130 form part of these accounts.

Statement of Financial Position as at 31 March 2023

	Note	As at March 2023 £000	As at March 2023 £000	As at March 2022 £000	As at March 2022 £000
Non-current assets:					
Property, plant and equipment	6	22,837		25,763	
Investment property	7	369		190	
Intangible assets	8	2,395		2,193	
Total non-current assets			**25,601**		**28,146**
Current assets:					
Assets held for sale	9	845		772	
Trade and other receivables	10	3,952		4,702	
Cash and cash equivalents	11	13,218		14,335	
Total current assets			**18,015**		**19,809**
Total assets			**43,616**		**47,955**
Current liabilities:					
Trade and other payables	12.1	(21,834)		(24,604)	
Provisions	13.5	(49,341)		(44,234)	
Total current liabilities			**(71,175)**		**(68,838)**
Total assets less current liabilities			**(27,559)**		**(20,883)**
Non-current liabilities:					
Other payables	12.2	(12,683)		(12,752)	
Provisions	13.5	(2,161,659)		(5,573,766)	
Total non-current liabilities			**(2,174,342)**		**(5,586,518)**
Net liabilities			**(2,201,901)**		**(5,607,401)**
Taxpayers' equity and reserves:					
General fund			(2,202,219)		(5,607,436)
Revaluation reserve			318		35
Total taxpayers' equity and reserves			**(2,201,901)**		**(5,607,401)**

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

Lisa Pinney MBE
Chief Executive and Accounting Officer
10 July 2023

Notes on pages 95 to 130 form part of these accounts..

Statement of Cash Flows year ended 31 March 2023

	Note	2022-23 £000	2021-22 £000
Cash flows from operating activities:			
Net income/(expenditure) for the year		3,347,179	(3,149,236)
Adjustments for non-cash transactions:			
Depreciation, amortisation, impairment and revaluation of non-current assets	3	22,196	12,021
Profit on disposal of property, plant and equipment and investment properties	4.2	(1,689)	(2,666)
Loss on disposal of property, plant and equipment	3	-	1
(Increase)/decrease in trade and other receivables		1,244	(1,105)
Increase/(decrease) in trade and other payables		(1,852)	3,250
Increase in provisions	3	(3,407,000)	3,102,000
Net cash outflow from operating activities		**(39,922)**	**(35,735)**
Cash flows from investing activities:			
Purchase of non-financial assets:			
Purchase of property, plant and equipment		(19,006)	(15,393)
Purchase of intangible assets		(1,072)	(1,144)
Proceeds from disposal of non-financial assets:			
Proceeds from sale of property, plant and equipment		1,397	3,033
Net cash outflow from investing activities		**(18,681)**	**(13,504)**
Net cash outflow from activities		**(58,603)**	**(49,239)**
Cash flows from financing activities:			
Grant in aid from BEIS/Department for Energy Security and Net Zero		58,040	53,225
Payments of lease liabilities		(554)	(485)
Net financing		**57,486**	**52,740**
Net increase/(decrease) in cash and cash equivalents		**(1,117)**	**3,501**
Cash and cash equivalents at the beginning of the period		**14,335**	**10,834**
Cash and cash equivalents at the end of the period		**13,218**	**14,335**

Notes on pages 95 to 130 form part of these accounts.

Statement of Changes in Taxpayers' Equity year ended 31 March 2023

	General Fund £000	Revaluation Reserve £000	Total reserves £000
Balance at 1 April 2021	**(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)	-
Comprehensive net expenditure for the year	(3,149,236)	-	(3,149,236)
Balance at 31 March 2022	**(5,607,436)**	**35**	**(5,607,401)**
Changes in taxpayers' equity for 2022-23			
Grant in aid from BEIS/Department for Energy Security and Net Zero – capital	18,833	-	18,833
Grant in aid from BEIS/Department for Energy Security and Net Zero – revenue	39,207	-	39,207
Net gain on revaluation of fixed assets	-	283	283
Disposal of investment property (amounts payable to Consolidated Fund)	(2)	-	(2)
Comprehensive net income for the year	3,347,179	-	3,347,179
Balance at 31 March 2023	**(2,202,219)**	**318**	**(2,201,901)**

Notes on pages 95 to 130 form part of these accounts.

Notes to the Accounts

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 Energy Security and Net Zero. Under paragraph 15(1)(b) of Schedule 1 of the Act we are required to prepare accounts for each financial year in the form and on the basis set out in the Accounts Direction (page 131), as determined by the Secretary of State, with the consent of HM Treasury.

These financial statements have been prepared in accordance with the 2022-23 government Financial Reporting Manual (FReM) 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 our particular circumstances, 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.

On 7 February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments, including Department for Business, Energy and Strategy, and created three new departments, the Department for Business and Trade, the Department for Digital, Science, Innovation and Technology, and the Department for Energy Security and Net Zero. The Coal Authority has been designated to the Department for Energy Security and Net Zero with accounting officer responsibilities formally transferred from 1 April 2023.

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 2023 shows net liabilities of £2,201.9 million. This reflects the inclusion of expenditure for liabilities falling due in future years, which cover periods of 50 and 100 years into the future. To the extent that they are not met from other sources of income, they may only be met by future grants or grants in aid from our sponsoring department. 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. We recognise 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 our responsibility. 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

We are involved in a number of statutory obligations and these are outside the scope of output VAT. We also make 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 our financial statements at their net book values, as previously stated in the financial statements of the British Coal Corporation, under our adopted accounting policies.

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 our head office and operational properties and are carried at fair value based on existing use, with external professional valuations undertaken biennially. In addition, we own 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 we review 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
We hold a number of properties and are 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 our 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 nil value, being fully depreciated replacement cost.

1.15 Financial instruments

We do not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables, as disclosed within note 10 (page 116) and note 12 (page 117) to the financial statements.

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 when there is evidence that we 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 us with security 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 our 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 our favour, escrow accounts, or charges over land. These arrangements do not give rise to any entries in our financial statements.

1.17 Provisions

We are responsible for dealing with liabilities relating to our ownership of abandoned coal mines. These include preventing and remediating mine water pollution, settling subsidence claims, making safe when incidents have occurred, managing tips, rehabilitating opencast sites and dealing with closed colliery sites and spoil heaps.

Provisions are recognised when we have 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 our obligations.

Internal costs are not provided for.

Where the time value of money is material, we apply Consumer Price Index (CPI) inflation rates to external costs and then discount 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 120) to the accounts.

Each year the Statement of Comprehensive Net Expenditure includes the borrowing costs of provisions, being the adjustments to unwind one 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 and subsidence claims are kept under review. Provisions will be released and an accrual recognised when we have 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 we move to 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, we consider 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.

1.18 Leases

Leases as a lessor

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

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. Exemptions, as provided by the FReM, are taken in relation to short-term leases (less than one year) and low value leases.

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.

1.19 Contingent assets and liabilities

In addition to contingent liabilities or assets disclosed in accordance with IAS 37, we disclose 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's 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 £2,211.0 million as at 31 March 2023. 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 124). In future periods new information and events may result in significant changes to the assumptions used, which may have a future material impact on our financial position.

In particular, there is significant estimation uncertainty in the future costs we 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 124).

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, we have made no material accounting judgements, estimates or assumptions 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:

IFRS 17 "insurance contracts"

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

HM Treasury are consulting on the public sector interpretation of the standard, prior to adapting for the FReM, having already identified the practice of 'self insurance' across the public sector as an area that will need to be considered. The standard is expected to be introduced to the FReM from 2025-26, effective from 1 April 2025, with early adoption allowed in select cases.

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.

2022-23	Development & information £000	Operations £000	Commercial & innovation £000	Total £000
Expenditure incurred during the year before internal recharges	8,495	37,512	10,686	56,693
Internal recharges for data and services	(1,610)	-	1,610	-
Expenditure incurred during the year	**6,885**	**37,512**	**12,296**	**56,693**
Impairments	-	21,328	-	21,328
Less provision utilised	(590)	(24,712)	-	(25,302)
Adjustment to provisions	(4,410)	(3,377,288)	-	(3,381,698)
Gross expenditure	**1,885**	**(3,343,160)**	**12,296**	**(3,328,979)**
Income	**(4,295)**	**(111)**	**(13,876)**	**(18,282)**
Net (income)/expenditure	**(2,410)**	**(3,343,271)**	**(1,580)**	**(3,347,261)**
Total assets	**6,675**	**31,564**	**5,377**	**43,616**
Memo: net (income)/expenditure excluding provisions movements	2,590	58,729	(1,580)	59,739

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

Segmental analysis

The reported segments as analysed above are consistent with our organisational structure, directors' responsibilities and the management information used by our 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 77) and fees and charges can be found in the parliamentary accountability and audit report (page 82).

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 schemes and subsidence pumping stations) that protect and enhance the environment and public safety and subsidence work (claims, incidents, mine entry inspections and tip management) that keep people safe and provide peace of mind.

Commercial and innovation

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

Commercial income is derived from the provision of mining reports, which are charged at commercial rates, and, advisory and technical services which are charged at either cost recovery (plus an allowance for overhead recovery), or at commercial rates. Advisory and technical services include the provision of metal mine water treatment programmes for the Department for Environment, Food and Rural Affairs (Defra) in England and NRW 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 being a by-product from the treatment activities undertaken at our coal mine water schemes.

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 our operations.

Analysis of operating income by segment

2022-23	Note	Development & information	Operations	Commercial & innovation	Total
		£000	£000	£000	£000
Mining reports		-	-	6,979	6,979
Advisory and technical services		-	-	6,802	6,802
Data licensing and mining information		1,593	-	-	1,593
Licensing and permissions indemnities		784	-	-	784
By-products		-	-	56	56
Other income		94	12	4	110
Revenue from contracts with customers	4.1	**2,471**	**12**	**13,841**	**16,324**
Profit on disposal of property, plant and equipment and investment properties		1,689	-	-	1,689
Rental income		131	93	34	258
Public safety management fee		-	-	-	-
Other income		4	6	1	11
Other operating income	4.2	**1,824**	**99**	**35**	**1,958**
Total operating income		**4,295**	**111**	**13,876**	**18,282**

2021-22	Notes	Development & information	Operations	Commercial & innovation	Total
		£000	£000	£000	£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	4.1	**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	4.2	**2,759**	**146**	**31**	**2,936**
Total operating income		**5,098**	**147**	**14,801**	**20,046**

3. Expenditure

	Note	2022-23 £000	2022-23 £000	2021-22 £000	2021-22 £000
Staff costs:					
Wages and salaries		13,717		12,437	
Social security costs		1,636		1,382	
Other pension costs		3,508		3,162	
Agency staff costs		1,004		773	
Sub-total staff costs			**19,865**		**17,754**
Goods and services:					
Expenditure incurred during the year		35,111		36,650	
Less provision utilised	13	(25,302)		(28,333)	
			9,809		**8,317**
Research and development expenditure		337		348	
Auditors' remuneration and expenses		89		81	
Travel and subsistence		423		315	
			849		**744**
Sub-total goods and services			**10,658**		**9,061**
Depreciation, revaluation and impairment charges:					
Depreciation and amortisation					
Property, plant and equipment	6	606		577	
Intangibles	8	779		956	
			1,385		**1,533**
Revaluation					
Property, plant and equipment	6	(64)		-	
Investment properties	7	(453)		(1)	
			(517)		**(1)**
Impairments					
Property, plant and equipment	6	21,285		10,141	
Intangibles	8	43		348	
			21,328		**10,489**
Loss on disposal of assets					
Property, plant and equipment	6	-		1	
Sub-total depreciation, revaluation and impairment charges			**22,196**		**12,022**

3. Expenditure (continued)

	Note	2022-23 £000	2022-23 £000	2021-22 £000	2021-22 £000
Provisions movement:					
Other provisions movements	13	1,044,991		328,991	
Borrowing costs of provisions (unwinding of discount)	13	40,311		42,342	
Discount rate changes	13	(4,467,000)		2,759,000	
Sub-total provisions movement			**(3,381,698)**		**3,130,333**
Total operating expenditure			**(3,328,979)**		**3,169,170**

Staff and related costs of £591,000 were charged to capital projects during 2022-23 (2021-22: £457,000). Other staff and related disclosures are included in the staff and remuneration report within the accountability report. Staff costs in 2022-23 include 2 exit packages, with a total cost of £62,000 (2021-22: nil).

No auditors' remuneration and expenses have been incurred for professional fees associated with non-audit work during either 2022-23 or 2021-22.

Detailed information on provisions and provisions movements is provided in note 13 (page 119) to the accounts.

As a result of the adoption of IFRS 16: leases, only operating lease costs that fall outside the scope of IFRS 16 are incorporated within the goods and services figure above. Lease costs falling within the scope of IFRS 16 are included in note 6 (page 112) and note 14 (page 126).

4. Income

4.1 Revenue from contracts with customers

	2022-23 £000	2021-22 £000
Mining reports	6,979	8,350
Advisory and technical services	6,802	6,371
Data licensing and mining information	1,593	1,531
Licensing and permissions indemnities	784	767
By-products	56	49
Other income	110	42
Revenue from contracts with customers	**16,324**	**17,110**

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 103) and fees and charges in the parliamentary accountability and audit report (page 82).

4.2 Other operating income

	2022-23 £000	2021-22 £000
Profit on disposal of property, plant and equipment and investment properties (detailed in table below)	1,689	2,666
Rental income	258	211
Public safety management fee	-	34
Other income	11	25
Other operating income	**1,958**	**2,936**

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 117) and accounting policy note 1.17 (page 99) to the accounts.

	2022-23 £000	2021-22 £000
Profit on disposal of property, plant and equipment and investment properties:		
Proceeds from clawback on sale of land	1,639	1,587
Proceeds from sale of investment properties	252	1,431
Total proceeds	**1,891**	**3,018**
Fair value of investment properties	(202)	(352)
Total	**1,689**	**2,666**

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 103) and fees and charges in the parliamentary accountability and audit report (page 82).

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 108) to the accounts.

	2022-23 £000	2022-23 £000	2021-22 £000	2021-22 £000
Production related rent (gross)	66		122	
Cost of collection	(6)		(10)	
Production related rent (net)		60		112
Options for lease		42		24
Incidental rent		3		-
Property sale proceeds		2		-
Income payable to the consolidated fund		**107**		**136**
Balances held at start of year		**13**		**18**
Income payable to the consolidated fund		107		136
Payments made to the consolidated fund		(112)		(141)
Balances held at end of year		**8**		**13**

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

	2022-23 £000	2021-22 £000
Current tax	-	-
Deferred tax	-	-

Corporation tax is calculated at 19% (2021-22: 19%) of the estimated assessable profit for the year.

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

	2022-23 £000	2021-22 £000
Net income/(expenditure) for the year	3,347,179	(3,149,236)
Tax at the UK corporation tax rate of 19% (2021-22: 19%)	635,964	(598,355)
Tax effect of expenses that are not deductible in determining taxable profit	4,215	2,102
Tax effect of temporary differences on property, plant and equipment not recognised	(319)	(324)
Tax effect of losses created/(utilised) in the period not recognised	4,835	3,931
Tax effect of temporary differences on provisions not recognised	(647,337)	589,393
Tax effect of grant in aid finance for revenue purposes	2,642	3,253
Tax expense for the year	-	-

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

	Recognised at 31 March		Unrecognised at 31 March	
	2023 £000	2022 £000	2023 £000	2022 £000
Tax losses	-	-	(35,373)	(26,275)
Provisions	-	-	(552,844)	(1,404,589)
Property, plant and equipment	-	-	(6,019)	(6,406)
Total			**(594,236)**	**(1,437,270)**

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 £2,211.0 million at 31 March 2023 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 Corporation Tax rate as enacted at the date of the Statement of Financial Position and applicable from 1 April 2023.

6. Property, plant and equipment

	Land	Buildings	Information technology	Plant and machinery, fixtures and fittings	Mine water schemes	Subsidence pumping stations	Right of use assets	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2022	8,441	1,658	5,040	2,804	125,859	17,758	6,282	8,744	**176,586**
Additions	112	-	188	251	13,628	1,225	409	2,405	**18,218**
Remeasurements	-	-	-	-	-	-	403	-	**403**
Reclassifications	-	-	137	96	6,019	-	-	(6,252)	**-**
Disposals	-	-	(92)	(99)	(915)	(4)	(47)	-	**(1,157)**
Transfer to assets held for sale	-	-	-	-	-	-	-	-	**-**
Revaluations	145	82	-	-	-	-	-	-	**227**
At 31 March 2023	**8,698**	**1,740**	**5,273**	**3,052**	**144,591**	**18,979**	**7,047**	**4,897**	**194,277**
Depreciation									
At 1 April 2022	-	58	4,547	2,390	125,859	17,758	211	-	**150,823**
Charged in year	-	61	171	90	-	-	284	-	**606**
Disposals	-	-	(90)	(99)	(915)	(4)	(47)	-	**(1,155)**
Revaluations	-	(119)	-	-	-	-	-	-	**(119)**
Impairments	-	-	134	279	19,647	1,225	-	-	**21,285**
At 31 March 2023	**-**	**-**	**4,762**	**2,660**	**144,591**	**18,979**	**448**	**-**	**171,440**
Net book value at 31 March 2022	**8,441**	**1,600**	**493**	**414**	**-**	**-**	**6,071**	**8,744**	**25,763**
Net book value at 31 March 2023	**8,698**	**1,740**	**511**	**392**	**-**	**-**	**6,599**	**4,897**	**22,837**

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 126).

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 (page 98)). 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 2023 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 £3,300,000 (land: £1,560,000 and buildings: £1,740,000) is reflected above with the next valuation due to be undertaken in March 2025. A gain of £346,000 was recognised through the Revaluation

Reserve (£283,000) and in the Statement of Comprehensive Net Expenditure (£63,000) during 2022-23.

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

	Land	Buildings	Information technology	Plant and machinery, fixtures and fittings	Mine water schemes	Subsidence pumping stations	Right of use assets	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£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**

7. Investment properties

	2023 £000	2022 £000
Land		
Fair value at 1 April	190	191
Disposals	(1)	(2)
Transfer from assets held for sale	57	-
Transfer to assets held for sale	(330)	-
Revaluations	453	1
Fair value at 31 March	**369**	**190**

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. 2022-23 is the first year of the current rolling programme.

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

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

8. Intangible assets

	Information technology £000	Software licences £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2022	21,975	1,479	158	23,612
Additions	399	2	623	1,024
Disposals	(507)	(21)	-	(528)
Reclassifications	140	19	(159)	-
At 31 March 2023	**22,007**	**1,479**	**622**	**24,108**
Amortisation				
At 1 April 2022	19,983	1,436	-	21,419
Charged in year	766	13	-	779
Disposals	(507)	(21)	-	(528)
Impairments	39	4	-	43
At 31 March 2023	**20,281**	**1,432**	**-**	**21,713**
Net book value at 31 March 2022	**1,992**	**43**	**158**	**2,193**
Net book value at 31 March 2023	**1,726**	**47**	**622**	**2,395**

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 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**

9. Assets held for sale

Non-current assets held for sale

	Land £000	Buildings £000	Total £000
Fair value at 1 April 2022	537	235	772
Transfers to investment properties	(57)	-	(57)
Transfers from investment properties	330	-	330
Disposals	(200)	-	(200)
Fair Value at 31 March 2023	**610**	**235**	**845**

Land: 5 packages of land are scheduled for disposal during 2023-24. 3 of these packages were intended for disposal in 2022-23, but due to a slower than anticipated property market, are now scheduled for 2023-24.

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). The final remaining property was scheduled for disposal during 2022-23, but due to a slower than anticipated property market, is now scheduled for disposal during 2023-24.

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 2021	537	195	732
Transfers from property, plant and equipment	0	235	235
Disposals	0	(195)	(195)
Fair Value at 31 March 2022	**537**	**235**	**772**

10. Trade receivables, financial and other current assets

Amounts falling due within one year

	2023 £000	2022 £000
VAT	771	676
Trade and other receivables	844	1,402
Prepayments	1,309	1,387
Accrued income	1,815	1,368
Expected credit losses	(787)	(131)
Balance at 31 March	**3,952**	**4,702**

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

Expected credit losses relate to amounts that are assessed at a customer level as unrecoverable. £653,000 relates to a specific debt that has been assessed as unrecoverable. £134,000 has been assessed as unrecoverable as a result of the current economic climate.

11. Cash and cash equivalents

	2023 £000	2022 £000
Balance at 1 April	14,335	10,834
Net change in cash and cash equivalent balances	(1,117)	3,501
Balance at 31 March	**13,218**	**14,335**

The following balances were held at:

Government Banking Services	13,218	14,335
Balance at 31 March	**13,218**	**14,335**

Cash balances incorporate £1,386,000 (2022: £1,386,000) 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.

12. Trade payables and other current liabilities

12.1 Amounts falling due within one year

	Note	2023 £000	2022 £000
Other taxation and social security		785	680
Trade and other payables		1,142	524
Security fund payables	12.3	143	143
Liabilities in relation to called-in security	12.4	489	235
Lease liabilities	14	548	332
Amounts due to government (consolidated fund income)		8	13
Accruals		18,520	22,662
Deferred income		199	15
Balance at 31 March		**21,834**	**24,604**

Security fund payables (due within one year and after more than one 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 112), 9 (page 115) and 11 (page 116) to the accounts for further details). Amounts due within one year and after more than one year are in respect of UK Coal. Amounts due after one 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 (2022: £2,000), no cash (2022: £4,000) and accrued income of £6,000 (2022: £7,000). See note 4.3 (page 110) to the accounts for further details.

12.2 Amounts falling due after more than one year

	Note	2023 £000	2022 £000
Security fund payables:	12.3		
In more than 1 year, but not more than 2 years		410	272
In more than 2 years, but not more than 5 years		222	112
In more than 5 years		942	1,098
		1,574	**1,482**
Liabilities in relation to called-in security:	12.4		
In more than 1 year, but not more than 2 years		178	-
In more than 2 years, but not more than 5 years		891	1,323
In more than 5 years		63	63
		1,132	**1,386**
Lease liabilities	14	9,977	9,884
Balance at 31 March		**12,683**	**12,752**

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

	2023 £000	2022 £000
Opening balance – falling due within 1 year	143	143
Opening balance – falling due after more than 1 year	1,482	1,448
Opening balance	**1,625**	**1,591**
Invoiced and cash receipts	77	76
Interest payable	31	3
Utilisation	(16)	(45)
Movements during the year	**92**	**34**
Closing balance – falling due within 1 year	143	143
Closing balance – falling due after more than 1 year	1,574	1,482
Closing balance	**1,717**	**1,625**

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

	2023 £000	2022 £000
Opening balance – falling due within 1 year	235	484
Opening balance – falling due after more than 1 year	1,386	2,261
Opening balance	**1,621**	**2,745**
Invoiced and cash receipts	-	-
Bond proceeds transferred	-	(14)
Repayments	-	(290)
Utilisation	-	(820)
Movements during the year	**-**	**(1,124)**
Closing balance – falling due within 1 year	489	235
Closing balance – falling due after more than 1 year	1,132	1,386
Closing balance	**1,621**	**1,621**

13. Provisions for liabilities and charges

13.1 Total provisions

	Mine water schemes	Public safety and subsidence	Subsidence pumping stations	Other property related provisions	Total 2022-23	Total 2021-22
	£000	£000	£000	£000	£000	£000
Opening balance	4,539,000	488,000	352,000	239,000	5,618,000	2,516,000
Utilised against operating spend	(12.962)	(9,688)	(1,019)	(1,633)	(25,302)	(28,333)
Utilised against capital spend	(16,197)	-	(1,225)	-	(17,422)	(17,362)
Created/(released)	935,041	38,712	57,745	30,915	1,062,413	346,353
Borrowing costs of provisions (unwinding of discount)	32,118	3,976	2,499	1,718	40,311	42,342
Discount rate changes	(3,756,000)	(238,000)	(287,000)	(186,000)	(4,467,000)	2,759,000
Closing balance	**1,721,000**	**283,000**	**123,000**	**84,000**	**2,211,000**	**5,618,000**

Provisions and movements in provisions are provided for in line with accounting policies stated in note 1.17 (page 99) to the accounts.

The provision for liabilities and charges at 31 March 2023 is £2,211.0 million (2022: £5,618.0 million). Forecast cash flows, which reflect our latest assumptions, included within this provision before inflation and discounting are forecast at £3,350.0 million (2022: £2,834.0 million), an increase of £516.0 million. This increase is predominantly driven by mine water scheme costs and is further explained below.

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 2023 prices and then nominal discount rates, as specified by HM Treasury, have been applied. Specified rates used are presented below:

HM Treasury rates			2023-24	2022-23
CPI Inflation	Year 1		7.4%	4.0%
	Year 2		0.6%	2.6%
	Years 3-100		2.0%	2.0%
Nominal Discount Rate	Short term	Years 1-5	3.27%	0.47%
	Medium term	Years 6-10	3.20%	0.70%
	Long term	Years 11-40	3.51%	0.95%
	Very long term	Years 41-100	3.00%	0.66%

The change in discount rates has resulted in a decease to the provisions balance of £4,467.0 million for 2022-23 (2022: increase of £2,759 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, before inflation and discounting, associated with the additional year are £35.5 million (2022: £30.2 million).

Other key assumptions and sensitivities in establishing the provisions at 31 March 2023 are explained on the next pages.

13.3 Key assumptions

Mine water schemes
The provision relating to mine water treatment schemes is £1,721.0 million (2022: £4,539.0 million).

In order to comply with legislation, including the Water Environment (Water Framework Directive) (England and Wales) Regulations 2003 and the Water Environment and Water Services (Scotland) Act 2003, a strategy has been developed to design and build a further 9 schemes by 2030 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 57 schemes have been deferred, at average scheme build cost of £4.5 million and operating costs of £0.2 million per annum.

Cash flows over the next 100 years, before inflation and discounting, based on latest forecast and which are within our control, total £2,651.5 million (2022: £2,200.4 million). 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 £131.5 million (2022: £118.3 million). The 10 year rolling programme for preventative scheme builds has only been updated to reflect the phasing of projects as there are no changes to the number of scheme in the programme. Costs have increased as a result of continued inflationary price increases through our supply chain. 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 £827.0 million (2022: £680.9 million). These costs relate to both existing and future schemes, and are reassessed each year to reflect changes to the future scheme build programme. Costs have increased as a result of continued inflationary price increases through our supply chain

- the estimated cost of operating schemes, which include efficiencies as they are delivered through an ongoing innovation programme, for the next 100 years at £1,693.0 million (2022: £1,401.2 million). These costs relate to both existing and future schemes (per the latest build programme), as they are built and become operational, and are reassessed each year based on experience and actual costs incurred. Operating costs at scheme level vary dependent upon the size and type of treatment scheme, the volume of water flow, as well as the chemistry and quality of the water. Operating costs have increased by £291.8 million as a result of sustained pressure on operating costs after incorporating continued significant inflationary price increases through our supply chain and, particularly power costs, which take account of contracted prices for 2023-24

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 (also refer to note 13.6 (page 125) climate change); price inflation of construction and operating costs; positioning of schemes and related land costs; the number of future preventative schemes required and the length of time they will be required to operate. Reasonable assumptions and best information have been used to inform the future costs and scientific evidence and experience has underpinned one of the more sensitive elements of the assumption, namely that underlying water treatment obligations will likely extend for many hundreds of years.

A management judgement has been taken to restrict the number of years to 100 for mine water treatment and subsidence pumping stations, as well as for tip management and the Bridgewater Canal that are included within other property related provisions, 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 £283.0 million (2022: £488.0 million).

Public safety provisions relate to incidents and the costs of treating ground collapses, shaft collapses and other incidents relating to former coal mining activities. We have obligations under the Coal Industry Act 1994 and Subsidence Act 1991 to investigate and treat incidents that have arisen from coal mining and to have regard for public safety.

Subsidence provisions relate to the estimated cost of settlement of subsidence claims. We have obligations under the Coal Industry Act 1994 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.

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 £373.0 million (2022: £349.5 million). Cash flows are calculated over 50 years as we expect to settle subsidence claims and treat incidents for a considerable period of time, as the conditions for subsidence and incidents will always be in existence. These cash flows incorporate:

- the estimated costs for investigating and treating claims at £6.9 million per annum (2022: £6.4 million per annum). Costs are reassessed each year based on experience and actual expenditure incurred over periods of up to 10 years. Costs have increased as a result of the continued inflationary price increases through our supply chain, combined with a continuing trend towards a larger number of complex incidents being experienced and reported
- the estimated annual costs for the ongoing mine entry inspection programme through to 2024 at £0.5 million per annum (2022: £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 (2022: £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 (also refer to note 13.6 (page 125) 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 £123.0 million (2022: £352.0 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 our control, total £195.0 million (2022: £167.9 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 £8.5 million (2022: £10.5 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 (2022: £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 £1.3 million per annum (2022: £1.0 million per annum). Costs are reassessed each year based on expenditure incurred over a 5 year period and incorporate the continued 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 (also refer to note 13.6 (page 125) 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 £84.0 million (2022: £239.0 million).

We provide for costs to meet our 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 £85.5 million remain at 31 March 2023 (2022: £76.1 million). Costs have increased as a result of the continued inflationary price increases through our supply chain. 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 (also refer to note 13.6 (page 125) climate change)

- obligations under the Coal Industry Act 1994, 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. We have responsibility for 41 tips and keep them secure, monitor water drainage, construct tunnels and ponds to capture the water runoff and undertake a regular programme of maintenance. Costs over the next 100 years have been forecast at £36.5 million (2022: £31.0 million), incorporating annual costs that remain at £0.3 million per annum, but with and additional £0.3 million every 10 years commencing from 2028 for more substantive infrastructure replacement (2022: £0.3 million per annum). 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 (also refer to note 13.6 (page 125) climate change).
- closed colliery site obligations are assessed to be £8.9 million (2022: £9.2 million) and relate to returning colliery sites to a condition that is safe and secure and consistent with any required planning permission or lease requirement

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 2%, equivalent to £44.0 million
  - 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 3%, equivalent to £66.0 million
- 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 22%, equivalent to £486.0 million
  - a decrease in the inflation rates of 0.5% would decrease the total provision held by 16%, equivalent to £354.0 million
  - an increase in the discount rates of 0.5% would decrease the total provision held by 16%, equivalent to £354.0 million
  - a decrease in the discount rates of 0.5% would increase the total provision held by 22%, equivalent to £486.0 million

As outlined at note 13.2 (page 120), the prescribed HM Treasury CPI inflation rates utilised for calculating the provisions balance is 7.4% for 2023-24, as the criteria for rebutting the use of this rate has not been met.

Should the rate of inflation outturn at 10.1% for the first forecast year (Office for National Statistics rate published on 19 April 2023) before returning to previous HM Treasury forecast levels, this would increase the provisions balance by £58.0 million (2.6%) to £2,269.0 million. This increase has been calculated assuming no change in the discount rate used to calculate the provision.

Should the rate of inflation outturn at 2.9% for the first forecast year (Office for Budgetary Responsibility forecast of 15 March 2023) before returning to previous HM Treasury forecast levels, this would decrease the provisions balance by £92.0 million (4.2%) to £2,119.0 million. This decrease 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	Public safety and subsidence	Subsidence pumping stations	Other property related provisions	Total
	£000	**£000**	**£000**	**£000**	**£000**
Up to 2024	37,789	7,717	2,621	1,214	49,341
Between 2024 and 2028	165,608	30,354	8,346	5,208	209,516
Between 2029 and 2043	384,270	96,425	25,587	22,812	529,094
Thereafter	1,133,333	148,504	86,446	54,766	1,423,049
Total	**1,721,000**	**283,000**	**123,000**	**84,000**	**2,211,000**

13.6 Climate change

We commit in our business plan 2022 to 2025 to continue to learn about the impacts of climate change on our mine assets and estate, so that we can develop and implement plans for cost effective climate change risk management and adaptation, and be ready to respond to an increased number and/or higher impact incidents. By April 2025 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.

Provisions balances will be updated as appropriate as we further our understanding of the impacts of future climate change on our assets.

14. Leases

14.1 Right of use assets

	Land £000	Buildings £000	Vehicles £000	Total £000
Cost or valuation				
At 1 April 2022	6,067	34	181	**6,282**
Additions	300	-	109	**409**
Remeasurements	368	17	18	**403**
Disposal	-	-	(47)	**(47)**
At 31 March 2023	**6,735**	**51**	**261**	**7,047**
Depreciation				
At 1 April 2022	117	16	78	**211**
Charged in year	169	17	98	**284**
Disposal	-	-	(47)	**(47)**
At 31 March 2023	**286**	**33**	**129**	**448**
Net book value at 31 March 2022	5,950	18	103	**6,071**
Net book value at 31 March 2023	**6,449**	**18**	**132**	**6,599**

As detailed in note 1.18 (page 100), "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:	2023 £000	2022 £000
Land		
Within 1 year	387	384
Between 1 to 5 years	1,989	1,524
After 5 years	11,052	12,971
Total cash payments	**13,428**	**14,879**
Less: interest element	(3,011)	(4,747)
Present value of obligations	**10,417**	**10,132**
Other		
Within 1 year	66	60
Between 1 to 5 years	44	25
After 5 years	-	-
Total cash payments	**110**	**85**
Less: interest element	(2)	(1)
Present value of obligations	**108**	**84**
Total	**10,525**	**10,216**
Of which, present value of obligations are:		
Current	548	332
Non-current	9,977	9,884

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

As detailed in note 1.18 (page 100), 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

	2023	2022
	£000	£000
Variable lease payments not included in lease liabilities:		
Expense related to short-term leases	80	109
Expense related to low value asset leases (excluding short-term leases)	65	23
Sub-leasing income	186	173

As detailed in note 1.18 (page 100), 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

	2023 £000	2022 £000
Finance leases (IFRS 16)	554	485
Operating leases	145	132
Total cash outflow for leases	**699**	**617**

The above amounts have been taken to the Statement of Cash Flows.

14.5 Operating leases (lessor)

Negotiations for the renewal of the head office freehold property rental agreement have not been finalised, consequently there are no future minimum income receipts due to the Coal Authority at this time (2022: £167,000).

The Coal Authority has no non-IFRS 16 finance leases or Private Finance Initiative (PFI) contracts.

15. Capital commitments

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

	2023 £000	2022 £000
Property, plant and equipment		
Plant and machinery	34	22
Information technology	32	15
Intangible assets	24	82
Total	**90**	**119**

Commitments balances are represented as follows;

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

Information technology: hardware such as laptops.

Intangible assets: software development activities.

16. Contingent liabilities

Licensees of mining operations are required to provide us with security 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 Coal Industry Act 1994, we are responsible for making good subsidence damage. Where an area of responsibility is extinguished this would transfer to us and we would become responsible for the discharge of outstanding subsidence liabilities. We also have 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 financial statements) (page 119) 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.

We are subject to various claims and legal actions in the ordinary course of our 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).

We do not expect that the outcome of the above issues will materially affect our financial position.

In addition to the contingent liabilities outlined above the following should be noted:

Environmental Information Regulations 2004

We are aware of potential legal proceedings in respect of past fees paid for mining information.

If we receive formal notification to commence legal proceedings, we will strongly defend our position.

Mine water flooding incident, Skewen, South Wales, January 2021

We are 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, we will strongly defend our position.

Treatment of inland saline mine water

Recent analysis of our extensive monitoring of the Great Britain coalfields demonstrates that the chemistry of the mine water is extremely challenging and will require additional treatment to that normally undertaken.

At present, the levels of inland saline water in mine workings do not require extensive intervention, which is allowing time for detailed work to generate and evaluate the most cost effective and sustainable options for future treatment. Potential solutions may require significant additional costs to implement over the next decade and beyond at which point mitigating treatments will likely need to be in place. These could cost several 100 millions of pounds.

At the present time it is not possible to provide a sufficiently reliable estimate of the timing and quantum of the obligation for inclusion within our provisions balances.

17. Contingent assets

By virtue of the seventh and ninth Coal Authority Restructuring Schemes (CARS 7 and 9) we are 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 we will receive a share of the added value. Quantification of this asset is not possible.

18. Related party transactions

We are a Non-Departmental Public Body (NDPB) of the Department for Energy Security and Net Zero and received grant in aid during the year, as well as surrendering income received to the consolidated fund in relation to statutory licensing activities.

For 2022-23 the Department for Business, Energy and Industrial Strategy (BEIS) will provide a consolidated annual report and accounts for the newly formed core departments of the Department for Business and Trade, the Department for Science, innovation and Technology and the Department for Energy Security and Net Zero, as well as incorporating NDPBs that are classified within its consolidation boundary, which includes the Coal Authority. From 2023-24 it is expected that there will be a transition to a separate annual report and accounts for each of the 3 departments.

In addition, we have 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 (DLUHC) and the provision of advisory and technical services to the 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 2023 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 2023 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 Energy Security and Net Zero who will consult HM Treasury as necessary.

5. This Direction supersedes the Direction dated 11 May 2022.

Christopher Whelan

Assistant Director – Coal Liabilities Unit
(An official of the Department for Energy Security and Net Zero
authorised to act on behalf of the Secretary of State)
11 April 2023

Photo:
Our Blindwells mine water treatment scheme in East Lothian, Scotland, treating mine water to prevent pollution and providing habitat for local wildlife.

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