Department for
Business, Energy
& Industrial Strategy

THE COAL AUTHORITY

Tailored Review Report 2017

December 2017

Contents

Executive summary

Since its establishment in 1994, The Coal Authority (The Authority) has successfully adapted its remit against the backdrop of a swiftly declining industry. It proactively manages its statutory responsibilities, and has built on its expertise to develop a complementary commercial offering. Its vision is to become “a world leader in resolving the impacts of mining”.

This Tailored Review has been conducted in accordance with Cabinet Office principles, with an emphasis on:

- Form & function;
- Improving effectiveness and efficiency; and
- Governance.

There are clear and persuasive reasons why the functions performed by The Authority should continue to be delivered. The UK coal mining legacy has significant public safety and environmental issues. This will continue to be the case for the foreseeable future.

The Authority has, at the heart of its remit, a significant technical function. Given the public interest issues involved, it is important that the function is delivered with absolute political impartiality and, equally, that it is delivered independently of ministerial direction.

The 2014 Triennial Review provided a comprehensive analysis of alternative delivery options, concluding that The Authority was appropriately structured to deliver its remit. There has been no significant change to the context surrounding this in the intervening period. The Authority should continue to deliver its statutory obligations as currently structured.

Since 2014, The Authority has grown its commercial offering, and has in place plans to increase these non-statutory duties further. The Review has concluded that this is in the public interest (in that it will reduce the Grant-In-Aid funding received), and also that this activity is not separate to the organisation’s statutory responsibilities, but complementary to them.

The Authority has an established track record in seeking efficiencies. Continuous improvement is a strategic focus. The organisation is in the final year of a five year transformation plan through the creation of “One Coal Authority” – as one expert team, continuing to serve the public through their statutory duties and build their business around the core expertise.

The Authority is committed to high standards of corporate governance and has an established governance framework supported by an appropriate organisational culture. The framework agreement between the Department for Business, Energy and Industrial Strategy (BEIS) and The Authority, together with the spending review, and the regular departmental business planning processes, ensure efficiency measures are monitored regularly and at appropriate levels. Increasing commercial activity is a relatively new area of focus for the organisation and as such may merit specific scrutiny in coming years.

There is a productive relationship between BEIS and The Authority. There is an open dialogue and the BEIS sponsorship team has sufficient knowledge of the business to act as both an effective advocate and critical friend to The Authority.

The recommendations within this Review include suggestions for new work and pinpoint areas of current work where momentum should be maintained. The Review has provided appropriate levels of challenge while recognising and recording positive progress. In keeping with the guidance this review has been conducted in partnership with The Authority and the departmental sponsorship team.

List of recommendations

The recommendations from the review are collated below.

Recommendation 1: Form and Function - The Coal Authority should be retained as a Non-Departmental Public Body (NDPB) fulfilling current functions as set out in the 1994 Coal Industry Act and other legislation.

Recommendation 2: Form and Function - The outcome of the next five-year business planning currently being undertaken by the Coal Authority should be shared widely within BEIS, and discussed with Cabinet Office in order that mutual benefits can be realised. The Coal Authority as a centre of expertise has the potential to provide value to many areas across government and to the Industrial Strategy in particular.

In coming years, BEIS and the Coal Authority should identify opportunities reflecting all possible routes to provide services to government, and to consider these in the context of alternative organisation models[1].

Milestone: Business planning for 2018-19 and onwards.

Recommendation 3: Effectiveness and Efficiency - BEIS and the Coal Authority should develop a reporting format that improves the transparency and understanding of how all resources under its control are tracked and managed. Enriched reporting will help the Coal Authority and BEIS monitor the volatility around revenue developments and changes to the recurring cost base which might require re-prioritisation.

Milestone: by end March 2018.

Recommendation 4: Effectiveness and Efficiency - Through the Tailored Review, and through other channels, the Coal Authority should continue to identify opportunities to share expertise with BEIS, as well as ensuring ministers and the BEIS Executive Committee are sighted on business planning outcomes and targets. This action will help further the stated ambition that the Coal Authority will become a 'public sector exemplar', that is outstanding in the way it runs its business and how it engages with its people.

The BEIS sponsorship team should continue to identify appropriate means to facilitate the sharing of data, skills and knowledge held by the Coal Authority, with relevant policy teams in BEIS, across government and with other partnership organisations. For example, those with the responsibility for related activities such as management of the legacy of heavy industries, other forms of mining, site Health & Safety management, and development of renewable energy sources.

Milestone: by the end of March 2018, and end of each recurring financial year.

[1] Examples include, but not limited to, Joint Ventures, Third-Party Contracting and may extend to different public body types e.g. Government Companies. These may or may not be appropriate to the Coal Authority.

Recommendation 5: Effectiveness and Efficiency - The Cabinet Office is evaluating geospatial strategy and the merits of creating a guiding geospatial body. The Coal Authority is participating in this evaluation, and BEIS and the Coal Authority's Board should consider the opportunities and implications for their business, in particular any impact on the value generated from geospatial information, once the outcome of the geospatial review is known.

Milestone: Ongoing.

Recommendation 6: Governance - The Coal Authority proactively supports work on staff engagement. Evidence to the review shows that this is having a positive impact. There remain a small number of areas where the Coal Authority should do further work, and where progress could be measured through subsequent staff engagement surveys;

- **Speed of decision-making**: The Coal Authority should consider expanding its use of Agile methodology to improve its decision-making. Feedback from staff suggests that decision-making is too slow in some areas;
- **Cultural change**: The Coal Authority should continue to work with its people to develop a shared internal narrative. The Coal Authority has developed explicit brand values and a vision of "One Coal Authority". The culture change required to deliver that change is ongoing. The Coal Authority senior leaders will need to keep staff informed and engaged to deliver this; and
- **Diversity**: The Coal Authority has more work to do to strengthen diversity and inclusion. All organisations, whatever the challenges, benefit from having a wider diversity perspective and input. This requires innovative solutions. For example, BEIS has a scheme whereby BAME-specific summer interns are recruited to policy and analytical roles over an eight-week period. Opportunity exists for BEIS to facilitate contact between the Coal Authority and the owners of this scheme to explore whether it would be beneficial for the Coal Authority to adopt a similar scheme or be part of the centrally run-one.

Milestone: by end March 2018.

Introduction

Approach

The Coal Authority (The Authority) is a non-departmental public body (NDPB). It receives c£30m Grant-In-Aid from the Department for Business, Energy & Industrial Strategy (BEIS), has more than 200 employees and was last reviewed three years ago under the Triennial Review framework.

The Terms of Reference for this 2017 Tier 2 Review are at Annex 1.

BEIS Tailored Reviews will in all cases provide appropriate challenge to the continuing need for the function(s) under scrutiny ensuring that alternative delivery options are considered. The effectiveness with which an organisation conducts its function and its capacity for delivering efficiency savings are also assessed.

BEIS Tailored Reviews provide an independent assessment considering whether there is an ongoing need for the functions an organisation performs. They also identify the approaches taken by the department and/or organisation to improve the relationship, share best practice and develop and maintain excellent service delivery that is in the public interest.

In line with the key principles of Tailored Reviews a strategic view is taken to ensure that BEIS Arm's Length Bodies are able to make better links and learn from the good practice of the others. Reviews will establish a continuum. This report assesses progress made since the Triennial Review of The Authority, conducted in 2014. The recommendations from this previous review, and actions taken to address them, are summarised in Annex 2.

An important principle of Tailored Reviews is that they should be inclusive. The Authority staff (at all levels) and its sponsorship team have been active participants in this review. Terms of Reference were established through a workshop with them, draft reports have been agreed with them, and throughout they have been closely involved in providing evidence, and in informing and formulating the report and recommendations.

The Coal Authority

Background

The Authority is based in Mansfield, Nottinghamshire. It was created under the 1994 Coal Industry Act to regulate the industry and manage coal mining and its legacy. It primarily exists to provide expert advice and to implement solutions around the considerable public safety and environmental issues resulting from coal mining.

UK coal mining and production continues to decline sharply; 16.1m tons (2012-13); 4.1m tons (2016-17); and expected production of 2.8m tons (2017-18). However, in the UK its legacy retains a huge impact. It is estimated that:

- Coalfields cover 11% (26,000km2) of Britain;
- 1 in 4 (7 million) properties are in coalfield areas; and
- 1.5 million of those properties sit on shallow workings – the most susceptible to risk.

There is also a significant issue around dealing with contaminated mine water. The Authority treated 122 billion litres of water in 2016-17.

The Authority's responsibilities and purpose are enshrined in legislation which determines its remit and its expenditure. It has specific statutory responsibilities associated with:

- Licensing coal mining operations in Britain;
- Handling subsidence damage claims relating to former coal workings which are not the responsibility of licensed coalmine operators;
- Managing property and historic liability issues, such as surface hazards and treatment of mine water discharges relating to former coal workings; and
- Providing public access to information on past and present coal mining operations.

Further functions are set out under the Act and the Coal Mining Subsidence Act 1991.

The Authority was granted additional powers of entry and compulsory purchase in the Water Act 2003 and the Water Services (Scotland) Act 2005 when preventing or mitigating the effects of discharges of mine water from coal mines.

In addition, The Authority's vires were extended in the Energy Act 2011 to enable its expertise to be used in other non-coal mining related contexts.

In 2017 the Wales Act placed an obligation that where a coal operator wants to mine in Wales, it must seek the approval of the Welsh Ministers as part of their application for a licence to do so. The Authority would be required to issue that licence.

Function

The Authority became a NDPB of the Department for Business, Energy and Industrial Strategy in 2016 (it was, at the time of its Triennial Review, a NDPB of the Department of Energy and Climate Change). In the financial year 2017-18, it received close to £30m Grant-in-Aid from BEIS. This represents 58% of its total funding. The remainder comes through income from commercial activities.

The Authority continues to fulfil its functions under the Coal Industry Act 1994 and the Coal Mining Subsidence Act 1991. It provides an emergency response service to incidents which pose a risk to public safety. It also administers claims for subsidence damage and delivers a Mine Entry Inspection Programme.

The conditions for subsidence and surface hazards will always be in existence. They are unpredictable, and have the potential to involve large areas of land (not just the properties directly affected). In 2016-17 The Authority received 686 surface hazard reports. They assessed 516 subsidence damage claims and carried out 20,199 proactive Mine Entry Inspections. All of these figures are comparable with the figures given in the last Triennial Review (614 surface hazard reports, 470 subsidence damage claims and 20,700 proactive Mine Entry inspections in 2012-13). They reflect the vital, ongoing importance of The Authority's statutory work.

In addition to the historical legacy of mining The Authority now has, following the closures of Thoresby and Kellingly collieries in late 2015, responsibility for the subsidence claims resulting from more recent UK Coal activity. The liabilities that The Authority manages remain significant, as shown below:

Coal Authority liabilities

Financial year	Net liabilities	Gross liabilities (before discount)
2012-13	£1,065m	£2,161m
2013-14	£1,066m	£2,158m
2014-15	£918m	£1,936m
2015-16	£2,820m	£1,899m

The significant increase in net liabilities for 2015-16 reflects the impact of changes in long-term discount rates as advised by HMT.

The Authority continues to have responsibility for coal tip management. The organisation manages 41 tips in total and fulfils its duties under legislation to keep these sites secure, to monitor water drainage, manage water runoff and undertake a regular maintenance programme.

In addition The Authority has ongoing obligations under the Bridgewater Canal Act (1907) to maintain elements of the canal affected by coal mining subsidence.

The Authority also has a statutory duty to “facilitate the establishment and maintenance of arrangements for the information to which persons are to be entitled under the Coal Industry Act to be made available to them” – this is fulfilled by providing mining reports. A total of 338,835 such mining reports were delivered in 2016-17, 98% of them within one day. While legacy coal operations continue to present a risk to UK property there will continue to be a need for this information.

The Authority handles the legacy of recovering water levels within abandoned coal mines including the containment of existing polluting discharges. In 2016-17 The Authority treated 122 billion litres of water, had 75 mine water treatment schemes in operation (5 more than when it was last reviewed), and provided protection for 70,000 hectares of land. Through this its work impacts the development, infrastructure and government sectors, where its commercial activity now concentrates.

It should be emphasised that The Authority has an important role in the delivery of the Industrial Strategy, led by BEIS, through;

- **Affordable and clean energy**: adopting solar, using voltage optimisation, allowing grid connections for alternative energy generation and leading the review of extracting heat from mine water;
- **Upgrading infrastructure**: providing infrastructure owners with risk assurance services that help them manage the impact of subsidence or mine water recovery; and
- **Science and research and innovation**: stimulating research and development across many universities in water treatment.

UK leaving the European Union

The Authority has considered a number of scenarios relating to the UK leaving the European Union (EU), and these pose varying degrees of risk to the organisation. The single most pertinent issue for The Authority will be the post exit positioning of environmental regulators in the probable absence of the European Court of Justice to uphold regulations.

The Authority maintains a very good relationship with EU countries and is actively engaged with many of them on mining issues. Representatives from The Authority have spoken at Euracoal conferences; met with the Polish Government; and provided the Netherlands with professional advice. This type of engagement will continue.

Devolution

The legislative obligations of The Authority are not devolved. It operates across Great Britain, with regional teams in Wales and Scotland. There is no coal legacy in Northern Ireland.

However, devolution has some impact on the work of the organisation as water quality and associated regulation is devolved. The Authority works with the regulators – Environment Agency; Natural Resources Wales; and Scottish Environment Protection Agency (SEPA) – in relation to mine water treatment schemes as part of its legacy management work. It also works with national and regional authorities relating to other areas of work including the management of sites and the provision of data and mining reports.

The Review notes that since the 2014 Triennial Review, the Authority has continued to foster a close working relationship with both SEPA and Natural Resources Wales. An example of this is the current strategy working with these organisations specifically (and the Environment Agency more generally) to develop and maintain with these organisations 42 new mine water treatment schemes by 2027.

There are other areas of work where there are devolution considerations with current and potential future implications for The Authority. The senior team continues to meet with the Scottish Parliament and the National Assembly for Wales periodically to monitor these.

Form and function

This Tailored Review is required to provide a robust challenge to, and assurance on, the continuing need or otherwise for the functions performed by The Authority.

As the volume of coal production has been decreasing year-on-year, there is a logical question about the durability of the remit and lifespan of The Authority. The evidence gathered as part of the review suggests that managing the legacy impacts of coal mining is a constantly shifting and unpredictable situation. The areas affected by the coal mining legacy in Great Britain are large, diverse and geographically dispersed. It is impossible to predict in relation to which coalfield the next issue or danger might present. Equally, where subsidence or pollution occurs, these very often affect not only the area where the problem manifests, but also large areas around it.

At a strategic level, the evidence on the legacy impact of coal mining supports the ongoing requirement for the services delivered by The Authority.

Delivery options

There are clear and persuasive reasons why the functions performed by The Authority should continue to be delivered.

The 2014 Triennial Review provided comprehensive analysis of alternative delivery options. There has been no significant change to the context surrounding this in the intervening period therefore The Authority should continue to deliver its statutory obligations as currently structured. A summary of these considerations is below.

The Authority is acknowledged as having significant and specific expertise that would stand at risk of dilution if it was brought within a larger body, such as BEIS. Furthermore the importance of The Authority’s regional base (in a former coal mining area) is acknowledged. There is nothing tangible that would be gained by absorbing it into central government.

Transfer of The Authority’s functions and responsibilities to local government would mean spreading its duties across a large number of local authorities. It would be inefficient to do this. Local authorities would lack the relevant expertise. Decentralisation would be likely to lead to increased cost.

The Authority is a recognised brand and its status as a NDPB engenders trust from its customers and its stakeholders.

The Authority has grown its commercial activities since the Triennial Review in 2014, and there is the potential to look at this commercial activity in the context of a different delivery mechanism or organisation form.

This is not discounted as a potential future option. However, it is important to emphasise that the current vision is “One Coal Authority” – the statutory and commercial activities are intertwined, expertise is shared, and processes are common. The Authority is currently stronger as a single body and is better equipped to recruit and retain the talent that it needs.

There is no other body with which, given its distinct remit, The Authority could be merged constructively. There might be some potential to merge specific areas, such as mine water treatment, with other bodies (e.g. the Environment Agency) but to hive off sections of work in this way would be to undermine the offering as a whole.

The Authority manages a sizable mining legacy in Great Britain. This statutory duty is undertaken in the public interest and serves to protect the public. There are no clear alternatives to fulfilling these functions given the scale of the challenge and the expertise required. Discontinuation of, or changes to, the legislative functions of The Authority would require significant review and options analysis and would also require primary legislation to action. Whilst the scale of the effort required does not in itself constitute sufficient reason not to abolish or significantly change the functions there would need to be compelling reasons for doing this. The Review is not persuaded of any case for this at the current time.

A table showing progress made on the recommendations from the 2014 Triennial Review is at Annex 2. The Triennial Review identified four main areas of work, and then constructed an argument (based on evidence and stakeholder feedback) as to why The Authority should be retained, and why it should be retained as a NDPB. Although one element of the remit (licensing of unworked coal) has continued to decline sharply since 2014 the other three areas - public safety, treatment of polluted mine water and mining information - continue in their significance. An observation made in 2014 remains current:

“the ability of The Coal Authority to take knowledge and expertise from one area (such as its Public Safety work) and apply this to other areas (for example information provision) was particularly valued”.

The Authority is committed to leveraging the expertise and information it has developed as a result of its ongoing legislative responsibilities. There is external evidence that it is recognised for its unique offering - for example in the expansion of mine data reports and by providing risk management services to the development, infrastructure and government sectors.

The Authority is in a strong position as a ‘one-stop-shop’ for many site owners and developers who have mining legacy issues to address. It is developing its commercial offering with sensitivity and is, like all service providers, subject to tender and/or procurement standards and processes before any contracts for its commercial activities are awarded.

Three tests

The Authority passes all of the “Three Tests” used by the Cabinet Office to confirm its status. It has a significant technical function, which sits at the very heart of its remit. Given the public interest issues involved, it is important that the function is delivered with absolute political impartiality and, equally, that it is delivered independently of ministerial direction.

Conclusion

There is no case for the discontinuation of the organisation, and no case for The Authority to be moved away from oversight by central government. There is no compelling case or identified benefit to merge it with BEIS.

The recommendations for Form and Function are:

Recommendation 1: Form and Function - The Coal Authority should be retained as a Non Departmental Public Body (NDPB) fulfilling current functions as set out in the 1994 Coal Industry Act and other legislation.

Recommendation 2: Form and Function – The outcome of the next five-year business planning currently being undertaken by the Coal Authority should be shared widely within BEIS, and discussed with Cabinet Office in order that mutual benefits can be realised. The Coal Authority as a centre of expertise has the potential to provide value to many areas across government and to the Industrial Strategy in particular.

In coming years, BEIS and the Coal Authority should identify opportunities reflecting all possible routes to provide services to government, and to consider these in the context of alternative organisation models[2].

Milestone: Business planning for 2018-19 and onwards.

[2] Examples include, but not limited to, Joint Ventures, Third-Party Contracting and may extend to different public body types e.g. Government Companies. These may or may not be appropriate to the Coal Authority.

Improving effectiveness and efficiency

The framework agreement between BEIS and The Authority, together with the spending review and the regular departmental business planning processes, ensures efficiency measures are monitored regularly and at appropriate levels.

Recognising both challenges and opportunities, in 2011 The Authority embarked on a transformation programme to become *"a world leader at resolving the impacts of mining".* The vision sets out ambitions that:

- The Authority will become a public sector reference point – an exemplar on performance management, on procurement, on finance and on agile system development;
- Water companies will come to The Authority to use its research and development; and
- There will be public respect for what The Authority does, and trust in the brand.

Continuous improvement is a strategy focus for The Authority. It is in the final year of a five year plan to transform the organisation against a changing landscape. The means by which this will be achieved is by the creation of "One Coal Authority" – a single organisation that sees across work areas to a common purpose, and common outputs.

In the course of this review feedback on the transformation programme was sought from a cross-section of employees. This demonstrated good buy-in across the organisation. The transformation agenda is not owned solely by senior managers, it is owned by employees at every level.

The themes supporting this transformation are:

- **Clear consistent and continual communication**. Understanding of the what, why and how; ownership, planning and management of the change; and a perseverance to see the change through;
- **Tenacious and authentic leadership**. Focused on the customer and seeking continuous improvement across the organisation;
- **Customer centricity**. The ability to blend the existing strong public ethos with an obligation to derive value for the good of the tax payer;
- **Effective succession planning**. Through promotion of a learning and development culture and through a clear offering to all its people, The Authority seeks to be an employer of choice; and
- **An evolved culture**. Expert, inventive, agile and able to grip the work from all angles, embracing public safety, environment and information viewpoints to deliver sustainable solutions.

The "One Coal Authority" vision is supported by system enhancements and process improvements which have delivered time recording, resource planning, project management, and learning and development tools. Further changes will deliver project accounting, environmental data management, and information reports systems that are adaptable and affordable.

As The Authority seeks to grow there is a focus on providing more resilience, removing single points of failure and managing the largest risk – having the continuing skills to manage the in-perpetuity legacy. With the decline of mining The Authority needs to be able to grow its own experts to manage issues that affect the people and environment in a significant proportion of Great Britain.

The benefits of transforming to “One Coal Authority’ will include:

- Greater productivity through better understanding of risks, and faster decision making at the right level based on analysis of easily accessible and accurate data; and
- Customers will be better served by all teams understanding the needs of the end customer and working together behind aligned goals. Product owners are required to own, develop and launch products to meet customer needs.

The CEO of The Authority sits on the BEIS Transformation Board, in a non-executive capacity since 2016. The role provides some external challenge and support from a partner organisation perspective, as well as bringing a wealth of experience and knowledge to a wider audience.

The Review looked at data relating to high-level savings and efficiencies achieved by The Authority during the previous spending review period (to March 2016), and the income and efficiency targets within the current indicative spending review period (to March 2021).

Over time the intention is that the proportion of funding required from BEIS will fall in proportioned to increased commercial activities and a related reduction of legacy costs. When more than 50% of income derives from “market facing” activity, other business models will become an option.

The table below summarises The Authority’s Spending Review (SR 2015) Grant-in-Aid settlement (Resource Departmental Expenditure Limit, RDEL). The increase in funding in 2016-17 is due to two major subsidence events – one in the North East, the other in Scotland. The 2017-18 settlement continues on from that.

Spending Review Settlement, RDEL

	Actual	Actual	Actual	Actual	Actual
	2013-14	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Total	24.6m	21.7m	22.2m	26.3m	29.7m

The Authority’s future Resource Departmental Expenditure Limit (RDEL) requirement is expected to decrease against its 2015-16 baselines in the future spending review period. This is despite plans to build eight mine water treatment schemes in this period (which add c. £0.7m to the operating cost base before measures to offset), ongoing contractor inflation, and expected increased competition in the mining reports market.

Net RDEL requirement is planned to decrease further during future years as commercial income grows and savings from innovation crystallise.

The percentage of The Authority’s total income (including capital income) received from BEIS, which stood at 77% in 2010-11 and 61% in 2015-16 is expected to further trend downwards by 2019-20.

The organisations Business Model is provided in Annex 3 and targets included within The Authority's SR 2015 settlement are shown in the following:

Spending Review 2015 savings targets (£M)

Description	Year (figures below are in-year impacts)				Comment
	2017-18	2018-19	2019-20	2020-21	
Reduction in net cost (through product sales or efficiency measures) arising from Environment scheme innovation	**0.2**	**0.7**	**1.4**	**1.9**	Timing of successes from innovation is inherently uncertain. The innovation programme has confirmed the potential for generating income from by-products. Experience to date indicates SR targets may have assumed over ambitious timelines for delivering benefits in the early years though these are still expected to be obtainable in the medium term.
Further Environment operational savings targets	**0.3**	**0.4**	**0.5**	**0.6**	Actions to achieve these savings continue to be defined.
Profit from Authority consultancy income	**0.5**	**0.5**	**0.6**	**0.7**	2016-17 new customer income of £1.7m has exceeded targets, high profile customers such as the Netherlands government, Network Rail and DEFRA value The Authority's expertise and customer service. Total contribution (gross profit) for 2016-17 from all commercial activities was £0.5m ahead of plan at £8.5 million.

2019-20 targeted cost savings through the Environment team total £2.5m and increased consultancy work across The Authority is forecast to contribute £0.7m profit to offset costs by 2020 (and grow significantly in future years).

In addition, the commercialisation of The Authority's mining reports business is designed to enable The Authority to charge market rates for its services and prevent a reduction in prices under a cost recovery regime.

Mining reports business

One of the strategies in The Authority's current 5-year Business Plan (2013-14 to 2017-18) is to develop its business by realising the economic value in its people and its information. The strategy is to generate increased profits that contribute to greater self-sufficiency and provide a reduction in funding requirements from BEIS. Approval was provided during 2015-16 (through BEIS / HM Treasury) to proceed with transitioning to a commercial model. The commercial model, through data licensing arrangements, makes The Authority's data available to customers creating competition in the mining reports business for the first time.

Data licenses were made available from the beginning of March 2016, with external customers paying royalties for the use of data on equal commercial terms to the mining reports business.

The mining reports business supports property transactions on the coal field.

In 2016-17 The Authority delivered 338,900 reports, with £12.6m income.

In 2017-18, The Authority anticipates 306,400 report sales. This assumes static housing market activity and a further loss in market share. The mining reports business traditionally priced reports on a total cost recovery basis, in line with HM Treasury guidance.

Prices were maintained at a consistent level over the three year period to 2015-16, given the intended strategy of transitioning to a commercial model. The rationale behind those pricing decisions was to provide market certainty through stability. As of March 2016 a commercial price has been charged for reports, at around 30% above previous prices, as a result of customer and market research and intelligence.

Structure of the Coal Authority

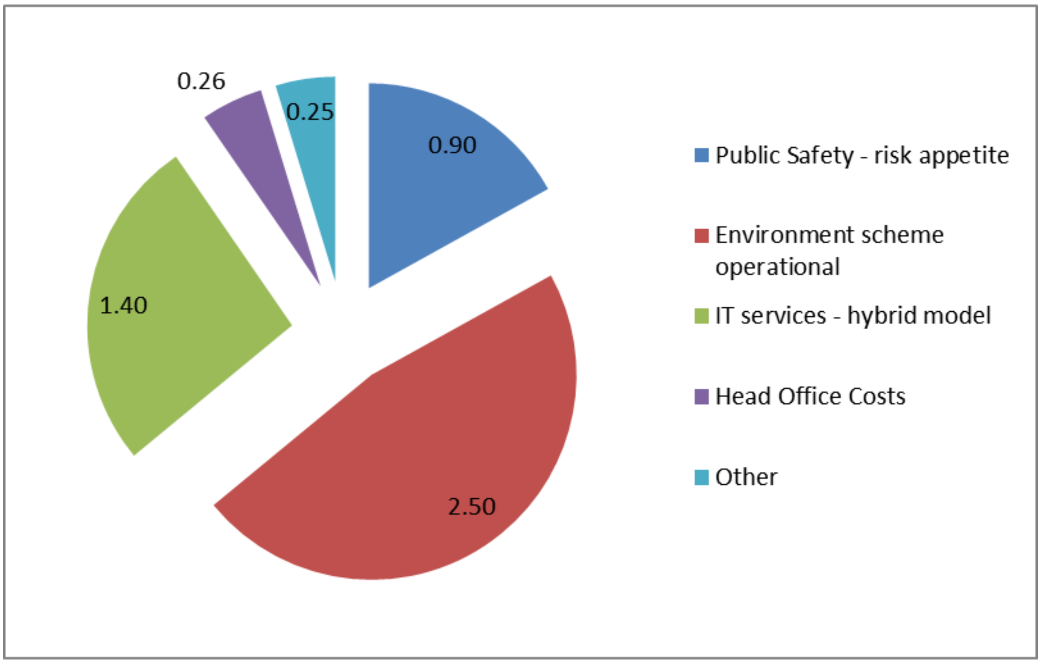
To meet their statutory duties, The Authority is organised into teams of experts that resolve the following mining issues:

- Public safety and subsidence;
- Environmental services; and
- Development: Planning, licencing and permissions, legal.

Operating efficiencies

The Authority has a strong track record in delivering efficiencies and has delivered initiatives that have reduced costs, generating real savings in excess of £5m per annum since SR2010.

Figure 1: Savings achieved 2014-15 (£m, final year of SR2010)



Key drivers behind the c£5m of cost savings are linked to the strategic focus and commercial scrutiny as follows:

Environment scheme operational costs (£2.5m)

- Scheme Refurbishment Programme – e.g. pipework upgrades increasing water flow efficiency, resulting in pump efficiency and reduced run cost;
- Change of Scheme Types – e.g. upgrading schemes from more expensive 'active treatment' to lower cost 'passive treatment';
- Risk Appetite – e.g. allowing water levels to rise and managing at these revised levels, resulting in reduced power requirement to run pumps.
- Contract Management – e.g. review and change of approach resulting in reduced frequency of site visits and site landscaping works;
- Negotiation – e.g. improved commercial rates through supply chain, such as chemicals;
- IT services hybrid model (£1.4m) through insourcing infrastructure and service management (displacing incumbent contracted provider – CapGemini), delivers 2 key benefits:
  - Reduced cost of providing underlying operational service compared to previously contracted fixed price, with added benefit of improved responsiveness and flexibility; and
  - Reduced cost of change, where internal team delivers required change through existing capacity rather than through external contract.

Public Safety (£0.9m)

- Change of Approach - e.g. fencing and signage of remotely located surface hazards, as opposed to full remediation; and
- Competent Person – e.g. use of internally qualified employees for emergency call-out, as opposed to contractually outsourced arrangements (Mines Rescue Service).

Although building on these successes becomes more challenging, The Authority has tasked itself with continuing to drive initiatives through the organisation to reduce The Authority's cost to BEIS. It has expertise in this area that will be relevant to BEIS and other NDPBs. The CEO of The Authority is a board member of the Off-Shore Petroleum Regulator for Environment & Decommissioning (OPRED). This platform is used to bring best practice and expert knowledge of adapting to change and new challenges, and can be applied more widely, for example, the geospatial work.

Digital by default

The organisation has a complex set of IT requirements relative to its size and total expenditure. Its statutory operations are dependent on its geographic information and automated reporting system. Gross IT cost budget before depreciation during 2016-17 was £5.1m, down from £5.2m in the previous year.

Building on efficiencies realised previously The Authority is in-housing IT skills to enable a more agile and cost effective approach to system and product development. This aims to reduce system development costs by up to £0.7m/pa (50%) and improve capability to compete in the commercial mining reports market. Key new roles include senior developers and technical specialists to support system and product development.

The immediate priorities are to:

- Agree and implement the system development and maintenance model that best supports business strategy;
- Prioritise projects requiring ICT support to agree a digital programme; and
- Innovate with data to support the business.

Mining information is an essential shared resource providing data access to internal and external customers and The Authority is building a client base for its commercial data licensing business.

Property

In recent years The Authority has reviewed the use of the site it owns in Mansfield. It now shares the site with tenants to drive efficiencies in the cost of managing and owning the site and facilities.

The Authority maintains a national presence. It is based in Mansfield, but has employees working throughout the regions where there are coalfields.

Procurement of common goods and services and commercial relationships

The Authority carries out its own procurement and has an in-house team that work closely with BEIS on commercial activities and to align with and embed Cabinet Office commercial operating standards. Metrics are being developed to monitor commercial standards as part of operational effectiveness and to inform a continuous improvement approach to commercial delivery across the department and Arm's Length Bodies.

Major Projects

There are currently no Government Major Projects ongoing or planned.

Workforce

Successful transformation will lead to growth which will bring with it an increase in skills and competencies. In the financial year 2017-18 budgeted FTE are expected to increase by 26.3 FTE, to 240.6 (from an indicative settlement of 214.3). This increased workforce goes some way to manage business risks by providing critical mass of skills and supporting succession planning and is:

- Ten roles relating to programme delivery to: manage industry and general claims both of which include complex stakeholder management; succession planning within operational teams to ensure business continuity; and the continuation of systems implementation to support business change and growth;
- Ten new roles to insource ICT skills to reduce costs and improve agility;
- Three roles within innovation to capitalise on market opportunities; and
- Eight roles to identify opportunities and deliver commercial work paid for by customers.

In assessing potential for efficiencies, the Review concludes that:

- Since 2011, The Authority has continued to make significant annual efficiencies;
- A successful transformation programme will mean that it will require less Grant-In-Aid from BEIS, and that it will have evolved to become a high performing organisation, both serving the public to the highest possible standard, and innovating its offering.

Interviews with the Chair, the CEO and the senior management team of The Authority demonstrated agreement on a strong vision and the transformation strategy necessary to achieve it. A list of all interviewees is given at Annex 4. The Review tested the level of commitment to and engagement with this vision from other employees by means of a workshop across a range of teams and grades.

Generally the workshop participants showed excellent engagement with the vision and direction. They had clear priorities for their work and could align these to the wider objectives of the organisation. A majority had been promoted since joining The Authority, and there was 100% positive response on learning and development, both training and coaching.

It was agreed that induction works very well and there is a well understood and respected performance management system that effectively blends informal conversations throughout the year with formal appraisal. Poor performance is handled effectively, and development taken seriously. One participant said that although he could potentially earn more by moving on, he felt a loyalty to The Authority as it had invested in upskilling him (and would continue to do so).

There was general agreement that senior managers and Board members were very approachable and positive comment from recent entrants about welcome interviews with the CEO.

Everyone in the group showed an excellent grip of the direction being taken, and they were all in agreement that this direction was the right one. Some participants seemed to still be struggling with the concept of “One Coal Authority”, seeing two separate areas of work, statutory and commercial.

There was recognition that new recruits brought new skills applicable to both areas, not just to commercial activities. It was reported that in some teams no distinction was made (though this was not the case across all teams). Some frustrations were voiced about the speed of decision making, about silo mentalities and whether or not it is always safe to speak up.

Corporate and support services

The Authority’s corporate services consist of the executive team, finance and project management, procurement, HR, head office, certain ICT roles, and the mining information central service.

Its strategy is to focus on supporting customer facing teams through business partnering, effective processes, and proportionate governance.

An immediate priority is to continue the supporting system and process improvement programme. This will allow The Authority to more easily obtain the management information need to meet the needs of an increasingly complex and commercial business without significantly increasing admin cost through the current spending review period.

In 2014 The Authority worked with former Department of Energy and Climate Change and Cabinet Office officials to review the scope for moving to shared service model. This was discounted at this time as indicative prices showed that it would not have been cost effective for an organisation of The Authority’s size. The Authority’s activities are wide ranging. Its challenges are less about processing large volume of transactions (which is where shared services can save money), and more about getting good, timely project accounting information.

The recommendations for Effectiveness and Efficiency are:

Recommendation 3: BEIS and the Coal Authority should develop a reporting format that improves the transparency and understanding of how all resources under its control are tracked and managed. Enriched reporting will help the Coal Authority and BEIS monitor the volatility around revenue developments and changes in the recurring cost base which might require re-prioritisation.

Milestone: by end March 2018.

Recommendation 4: Through the Tailored Review, and through other channels, the Coal Authority should continue to identify opportunities to share expertise with BEIS, as well as ensuring ministers and the BEIS Executive Committee are sighted on business planning outcomes and targets. This action will help further the stated ambition that the Coal Authority will become a ‘public sector exemplar’, that is outstanding in the way it runs its business and how it engages with its people.

The BEIS sponsorship team should continue to identify appropriate means to facilitate the sharing of data, skills and knowledge held by the Coal Authority, with relevant policy teams in BEIS, across government and with other partnership organisations. For example, those with the responsibility for related activities such as management of the legacy of heavy industries, other forms of mining, site Health & Safety management, and development of renewable energy sources.

Milestone: by the end of March 2018, and end of each recurring financial year.

Recommendation 5: Effectiveness and Efficiency – The Cabinet Office is evaluating geospatial strategy and the merits of creating a guiding geospatial body. The Coal Authority is participating in this evaluation, and BEIS and the Coal Authority’s Board should consider the opportunities and implications for their business, in particular any impact on the value generated from geospatial information, once the outcome of the geospatial review is known.

Milestone: Ongoing.

Good corporate governance

The Tailored Review assessed The Authority's adherence to principles of good corporate governance. It examined how The Authority is held to account by its sponsor department for delivery of its objectives and against the requirements of any arm's-length body, as well as the governance of decision-making.

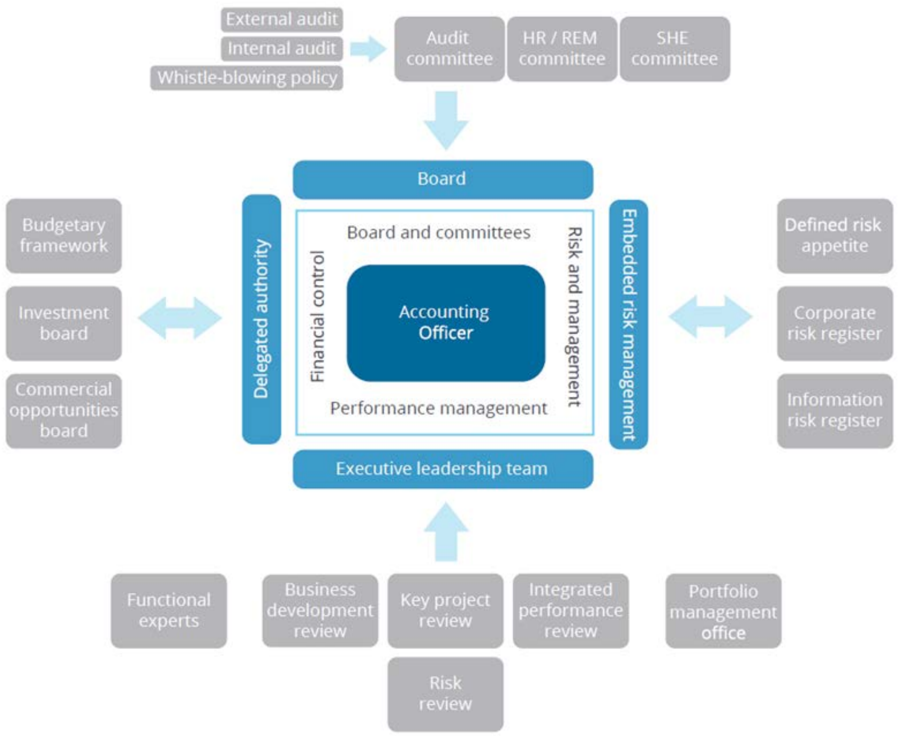
A framework document is updated annually and signed off by The Authority's Board. This provides the governance principles underpinning the relationship between the department and The Authority. It was last updated in March 2017. The framework document is consistent with Managing Public Money principles and covers engagement, lines of accountability, the strategic aims, and the day-to-day operations and management of The Authority.

There is a very positive relationship between the BEIS and The Authority, combining due scrutiny with appropriate support and, so far as possible, advocacy.

The sponsorship team co-ordinates the governance, risk management and control arrangements in place to ensure achievement of The Authority's and departmental objectives. These are effective and continue to evolve at a sufficient pace to manage the risks. There is an open dialogue and the sponsor team has sufficient knowledge of the business to act as both an effective advocate and critical friend to The Authority.

The Authority is committed to high standards of corporate governance and has an established governance framework supported by an appropriate organisational culture. This is summarised below at Figure 2 and explained through this statement.

Figure 2: The Coal Authority corporate governance structure



Evidence of strong corporate governance includes that:

- The Authority publishes its Annual Report and Accounts, providing comprehensive information on purpose, governance and funding;
- Objectives, Board responsibilities and minutes of meetings are published. At least one Board meeting a year is open to the public to attend;
- The Authority's Corporate Plan is approved by the department annually, and The Authority seeks clearance and legislative cover from BEIS for any new activities;
- The sponsor team and senior Authority officials meet monthly for agenda-led governance discussions. Standing items include financial forecasts and risks with a deeper dive into current areas of activity. The head of the sponsor team and Director both separately attend at least one board meeting a year where there is a standing item on the department's strategic direction; and
- The BEIS sponsor team ensures The Authority is aware of all key announcements relating to the departmental structure and objectives. In addition to regular meetings, The Authority engages peer-to-peer on issues like procurement, digital/IT and media/communications.

An assessment of corporate governance is given at Annex 5.

The BEIS Permanent Secretary, as the department's Principal Accounting Officer (AO), is accountable for the overall organisation, management and staffing of the sponsor department and all associated public bodies. The Principal AO designates the CEO of The Authority as its AO with responsibility for ensuring a high standard of financial management in the organisation and stewardship of all associated resources.

The CEO has this dual responsibility. Best practice dictates that escalation and resolution routes between conflicts in the CEO and AO roles should be described, for clarity. For example whether there should be Board agreement or instruction where there is divergence from the framework and legislation governing the organisation.

For business continuity purposes The Authority has a Gold and Silver Command Structure. This hierarchical framework is commonly adopted for the command and control of major incidents and disasters. During operational emergencies, such as major shaft collapse, there is a Board agreed plan on who owns the operation and the roles played by senior managers and Board members regarding stakeholder management.

Corporate governance reform

The government set out plans to raise standards of corporate governance across the business community in its response to its Green Paper on Corporate Governance Reform, published in August.

Key measures include improving shareholder scrutiny of executive pay, strengthening the employee voice in board-rooms, and building confidence in the way large private companies are run. The government intends to deliver this through a mix of changes to the non-legislative UK Corporate Governance Code, business-led action and regulation where necessary.

While these reforms do not directly require such action to be taken by public bodies or government departments, BEIS will consider the role it should play in working with both government departments and its partner organisations to ensure similar standards are maintained, including the benefits of adopting the voluntary corporate governance principles.

Risks

The Authority has non-executive director-led committees on Audit, Health, Safety and Environment and HR and remuneration. The Authority has an established governance, risk management and control framework supported by an appropriate organisational culture.

This framework continues to evolve at sufficient pace to manage The Authority's risks as it becomes increasingly commercial and remains proportionate, fit for purpose and working as intended.

The Audit Committee ensures that The Authority operates effective and integrated risk management and control systems. It reviews external audit strategy and results, recommends the approval of the Annual Report and Accounts, and oversees the internal audit function provided by the Government Internal Audit Agency. The Audit Committee Chair has recent, relevant financial experience.

The focus remains on:

- Risks emerging from The Authority's commercialisation, ensuring that financial controls in relation to commercial contracts and policies concerned with promoting ethical walls between commercial and public task activities are fit for purpose;
- Continuing to review and challenge controls relating to The Authority's Business and Operational Support Systems programme. This programme will ensure that the systems and processes remain fit to support an increasingly ambitious and commercial organisation;
- Reviewing policies that are key to The Authority's control framework, including the whistle-blowing policy, to ensure that they are fit for purpose and effective; and
- Financial reporting risks. This includes ongoing review of The Authority's accounting policies and review of significant judgments made in preparing the accounts including assumptions underlying the provisions balance.

There is inherent uncertainty in delivering growth and innovation and managing the pace of change in The Authority's commercial plans and there are substantial public safety and environmental risks associated with its statutory duties. There is evidence that the organisation considers risk and potential future liabilities for all potential commercial activities. Risks are considered by The Authority's Board and the department. They feature on risk registers and are escalated appropriately. Most significant risks (judged on a matrix of financial impact/ probability) are raised through BEIS finance, Directors General and at departmental Board level.

The Review reviewed evidence relating to the '2016-17 Internal Audit Plan'. The Audit Committee agrees an Internal Audit Plan at the beginning of the year which is designed to cover the strategic risks to achieving The Authority's objectives as well as the regular controls reviews.

Internal Audit report progress is reviewed at each committee by means of an update, and review of individual reports from each audit including findings and recommendations.

Progress in implementing recommendations is tracked by the Chief Finance & Information Officer and reported back by means of a tracker/report. Any medium/high risk actions are also followed up at year-end by Internal Audit.

Contingency funding is a constant risk, which The Authority monitors and brings to the attention of its sponsors.

The Authority has the responsibility to respond to any requests from the department in a timely manner. However, increased requests for data from BEIS will need to be managed carefully to ensure they are proportionate.

Effectiveness of control environment

From the evidence the Review has seen, 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 since 31 March 2017 and accords with HM Treasury guidance.

It was not possible to review a delegation of financial authority letter during the review period. The Authority should ensure budget holders and decision-makers are familiar with any delegated limits and that this is cascaded as necessary. The Authority should continue be familiar with clearance processes on ‘special payments’ and any expenditure deemed to be novel, contentious or repercussive.

Diversity and inclusion

The Review recognises that The Authority is to a large extent constrained by recruiting from the local area, which according to official sources is 98% white. However, for specialist posts, and in particular posts requiring degree level qualifications, the potential recruitment base is wider and there may be more opportunity to attract, for example, BAME applicants.

The Authority uses “blind recruitment”, whereby panels do not see the names of the applicants to reduce bias.

Diversity and inclusion support and facilitate good governance. The composition of the Board and the senior management team is predominately male. These are two female Board members, one of whom is the only female member of the senior management team.

Transparency

The Government is committed to setting new standards for transparency so the public can more easily see how and where taxpayers’ money is being spent and hold politicians, government departments and public bodies to account. The Authority is fully supportive of this. It has published monthly financial transactions made by senior staff since August 2014. The most recent is August 2017.

The Board meets at least six times a year and minutes of open meetings are published on GOV.UK. The latest published Board minutes are March 2017. Other meeting papers and meeting minutes from 2010 to 2012 are on The Authority’s archived pages.

Freedom of Information

The Authority is committed to Freedom of Information. Freedom of Information and how to make a request is outlined on The Authority's Website, which is accessible via GOV.UK. Reports and any findings are published here, but it should be noted there have been no published request since May 2010 when data was migrated to GOV.UK. Publications from before May 2010 can be accessed through The National Archives.

The recommendation for Governance is:

Recommendation 6: The Coal Authority proactively supports work on staff engagement. Evidence to the review shows that this is having a positive impact. There remain a small number of areas where the Coal Authority should do further work, and where progress could be measured through subsequent staff engagement surveys;

- **Speed of decision-making**: The Coal Authority should consider expanding its use of Agile methodology to improve its decision-making. Feedback from staff suggests that decision-making is too slow in some areas;

- **Cultural change**: The Coal Authority should continue to work with its people to develop a shared internal narrative. The Coal Authority has developed explicit brand values and a vision of "One Coal Authority". The culture change required to deliver that change is ongoing. The Coal Authority senior leaders will need to keep staff informed and engaged to deliver this; and

- **Diversity**: The Coal Authority has more work to do to strengthen diversity and inclusion. All organisations, whatever the challenges, benefit from having a wider diversity perspective and input. This requires innovative solutions. For example, BEIS has a scheme whereby BAME-specific summer interns are recruited to policy and analytical roles over an eight-week period. Opportunity exists for BEIS to facilitate contact between the Coal Authority and the owners of this scheme to explore whether it would be beneficial for the Coal Authority to adopt a similar scheme or be part of the centrally run one.

Milestone: by end March 2018.

Annexes

Annex 1: Terms of Reference

The Coal Authority

The Coal Authority is one of BEIS' Non-Departmental Public Bodies. It regulates the coal industry in Britain and manages the £3 billion long term mining legacy. It is based in Mansfield, Nottinghamshire and is due to receive £30 million of funding from the Department this financial year. This represents approximately 58% of its total funding, the remainder coming from its commercial operations.

Its mission is to protect the public and the environment in mining areas and its responsibilities and purpose are enshrined in the 1994 Coal Industry Act. Its expenditure is driven by legislation, rather than by policy or manifesto commitments.

Previous Reviews

The Coal Authority last had a Triennial Review in 2014[3] when it was a NDPB of the Department for Energy and Climate Change (DECC).

Background

This Tailored Review will be conducted in line with Cabinet Office principles and as a light touch review being proportionate, timely, challenging, inclusive, transparent and providing value for money. Considering these principles, the Coal Authority review will have specific emphasis on:

- **Efficiency**. Both reporting on measures already in progress, and recommending other opportunities for efficiencies as appropriate. The 2014 Triennial Review made recommendations linked to financial monitoring and business planning. The review will consider progress on these recommendations and the commercial context of the organisation. More detail on Efficiency is given at annex i.
- **Governance**. Good corporate governance is central to the effective operation of organisations. The review will cover the governance arrangements for Coal Authority. The controls, processes and safeguards in place will be assessed against the relevant principles and policies set out in the code of good corporate governance which reflects best practice in the public and private sectors. This will include review of the lines of accountability, performance of the governance structures and key roles within them, approach to financial management, and associated controls and/or oversight and the associated links between Coal Authority and BEIS.

To ensure a holistic approach, the review team will also consider the remaining principles of the tailored review principles. These are:

- **Devolution**. Understanding the remit and reach of the body, dependencies and stakeholders within each of the devolved territories as well as within England, should be a fundamental part of scoping the review.

3 www.gov.uk/government/uploads/system/uploads/attachment_data/file/388091/Coal_Authority_Triennial_Review_-_December_2014.pdf

- **The UK leaving the EU**. It is appropriate to consider the extent to which the Coal Authority's functions are delivered in an environment currently directly affected by EU regulations or processes. Understanding how the body intends to respond to the UK leaving the EU should then be considered as part of the review where possible.
- **Status**. Assessing the continuing requirement for the functions performed and the current form of the Coal Authority, and determining appropriate status, form and function. Including the Cabinet Office "three tests":
    1. Is this a technical function (which needs external expertise to deliver)?
    2. Is this a function which needs to be, and be seen to be, delivered with absolute political impartiality (such as certain regulatory or funding functions)?
    3. Is this a function which needs to be delivered independently of Ministers to establish facts and/ or figures with integrity?

The review will conclude by producing a clear and concise report that will describe the areas probed by the review, the evidence referred to during the course of the review, and also any recommendations. A final report will be published on gov.uk.

Approach and methodology

The review is conducted on behalf of the Secretary of State. A small, dedicated review team will be the day-to-day contacts for the Coal Authority and will produce the final report. The review team will be led by an individual independent of the body and sponsor function, and will include members with relevant expertise and knowledge of the specific areas being considered under the review; for example finance/Management of Public Money (MPM); corporate governance, etc.

The review team will be:

- Lead Reviewer - Stewart Gott, BEIS Partnerships Team
- Reviewer - Anurag Kher, BEIS Partnerships Team
- Reviewer - Sue Gilchrist, BEIS Partnerships Team
- Critical Friend - Claire Vince, BEIS Labour Market

The approach will be participative and inclusive. Although Cabinet Office guidance does not allow organisations being reviewed, or their sponsors, to be members of the review team itself, they will be closely involved as the review progresses:

- The review team will agree Terms of Reference with the CEO of The Coal Authority, Philip Lawrence, and its Departmental sponsors – and then with Cabinet Office Public Bodies Reform Team;
- The review will begin with a workshop, involving the Coal Authority's senior team and its sponsors, to agree the approach and agree timings;
- Following this the review team will work with the Coal Authority to set up interviews and ensure it understands the evidence base;
- The approach will be iterative and the review team will share emerging findings and recommendations with The Coal Authority and its sponsors throughout;

- Interim and final reports will be produced in draft and then finalised following discussion with the Coal Authority and sponsors.

The team will be supported by a Tailored Review programme governance structure within BEIS to ensure consistency and transparency throughout the process (annex ii). As a Cabinet Office defined Tier 2 review the Coal Authority Review will have a Challenge Panel to:

- Test and challenge the assumptions and conclusions of the review team
- Have due regard to the Terms of Reference, and sign off the interim and final reports.

The panel membership will be:

- Charles Randell, BEIS Non-Executive Director (Chair)
- Elliot Brinkworth, Cabinet Office Public Bodies Reform Team
- James Jacob, CEO Central Arbitration Committee
- Leah Sparks, Deputy Director, BEIS Finance
- Madeleine Szeluch, BEIS Commercial

The end-to-end review is anticipated to last up to 12 weeks between June-August 2017 (from confirming the review scope to the report being completed).

Acknowledging that the review will conclude in the summer, some additional time may be required for onwards liaison with Cabinet Office and final approvals ahead of report publication.

An outline timeline is at annex iii.

Annex I - Efficiencies

In assessing the potential for Efficiencies the Review will principally consider three types of potential benefits:

Type A – Cash releasing or cash generative benefits: (e.g. an increase in charging or better debt recovery). These benefits should be reflected in immediate cashable savings.

For example –

- More efficient use of estates
- More efficient and flexible procurement and commercial contracts
- Improved income generation or return on capital employed

Type B – Efficiencies or improvements in outcomes: (greater use of shared services, release of resources to front-line activity). These benefits should result in increased productivity/other improved performance outcomes of which some will be cashable in the short-medium term.

For example –

- Improved performance outcomes – better operational processes resulting in more for less.
- Greater efficiency in support functions and/or increased use of shared services.
- Clearer or more clearly stated organisational purpose, resulting on better focus on key areas.

Type C – Wider benefits (such as improved governance, transparency, accountability, or staff engagement): These benefits may not result in cashable savings immediately, but some may yield or prompt cashable savings in the medium term.

For example –

- Stronger internal controls/governance; Better risk management processes
- Improvements in staff morale and engagement
- Increased customer satisfaction

In making these assessments the Review will consider (for example) how Coal Authority:

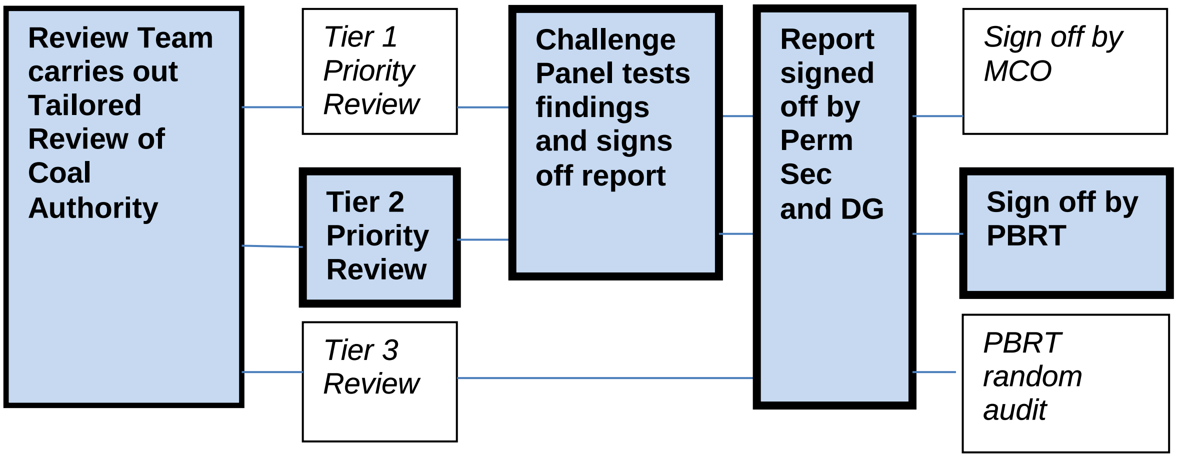
- Delivers of its current functions and responsibilities
- Prioritises and makes decisions
- Innovates and plans for the future
- Communicates internally and externally
- Manages its reputation and promotes its work
- Works with BEIS, and with other bodies
- Generates income and develops its commercial capability
- Uses digital services and technologies

Annex II – BEIS Tailored Review Programme Governance

Tailored Reviews are designed to be proportionate and capable of being delivered at pace. The Cabinet Office has set a "Three Tier" approach to Reviews. The Tier to which an Organisation has been allocated will to an extent determine the conduct and the Governance of the Review.

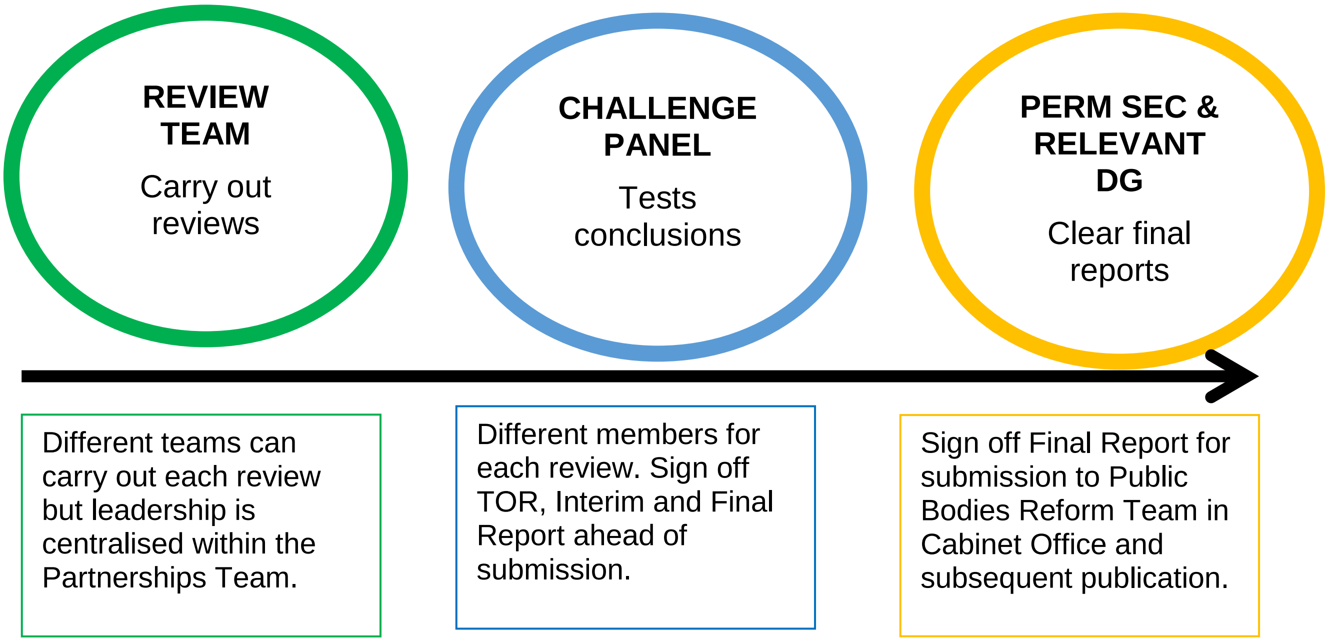
Based on Cabinet Office criteria, including spend, size and length of time since last Triennial Review Coal Authority has been designated as a Tier 2 Priority Review.

Figure i - Governance of Coal Authority Tailored Review



Once agreed by the Challenge Panel, the final report will be cleared by DG and the Permanent Secretary. It will then be signed off by the Public Bodies Reform Team (PBRT) in Cabinet Office.

Figure ii - Report clearance process



Annex III – Timeline

Figure iii - Review timeline

	Pre-review	5/6	12/6	19/6	26/6	3/7	10/7	17/7	24/7	31/7	7/8	14/8	21/8
COAL AUTHORITY TR PHASE 1													
Form Review Team													
Form Challenge Panel													
Contact CEO													
Establish PO Single Point of Contact													
Establish Sponsor Contact													
Draft TOR													
Initial Desk Research													
Hold workshop with SMT, Sponsors													
Clear TOR													
Further Desk Research													
Interview SMT													
Segment Workstreams													
Interview staff													
Write interim report													
Hold Challenge Panel meeting													
COAL AUTHORITY TR PHASE 2													
Gather Further Evidence													
Revise Report													
Hold Challenge Panel Meeting													
Finalise Report													
THREE TESTS													
EFFICIENCIES													
GOVERNANCE													

Work takes places this week

Work finishes this week

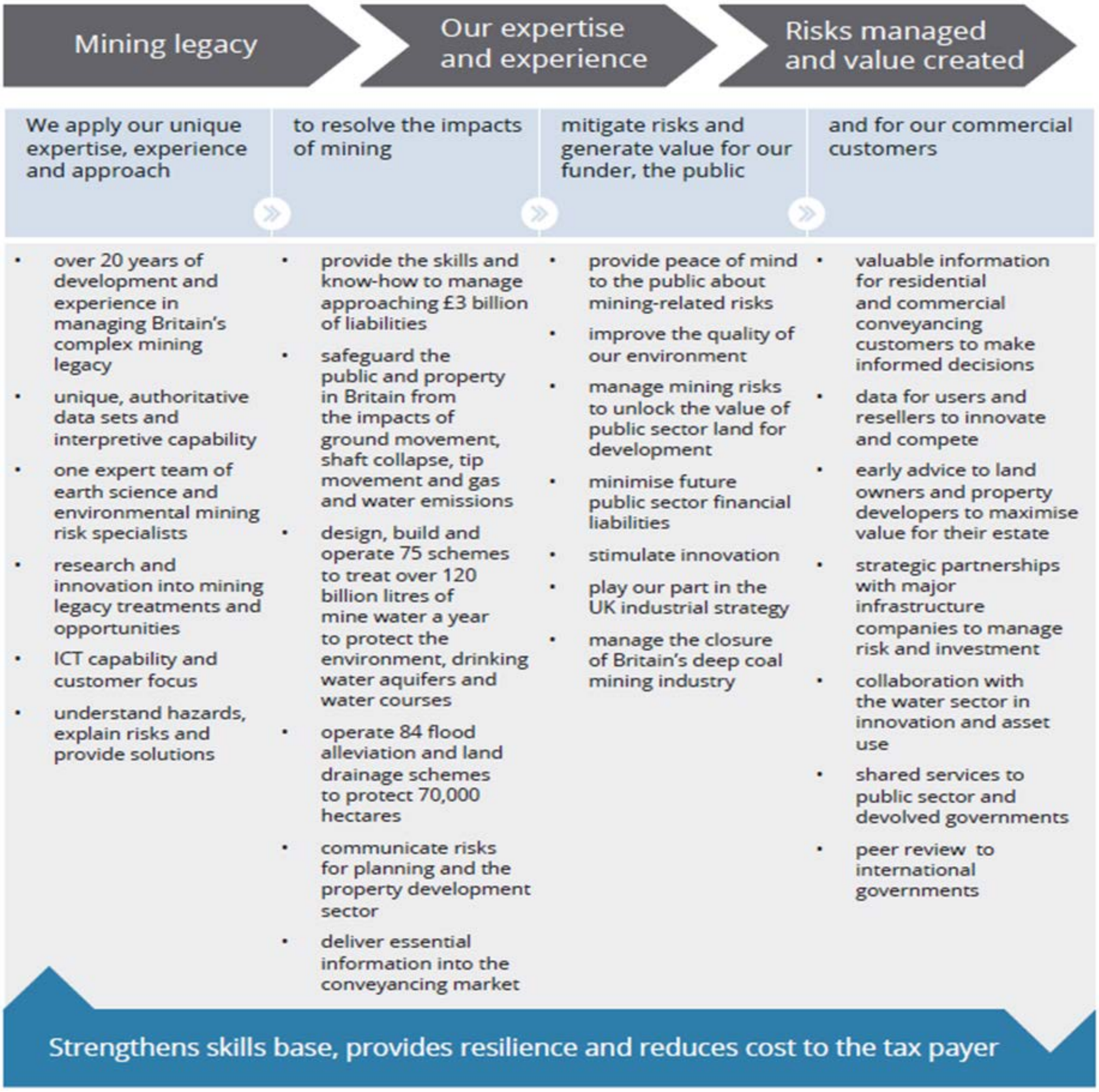
Work finished

Annex 2: Developments since the 2014 Triennial Review

Triennial Review Recommendations	Actions since December 2014
1. When appointing any future Chief Executives, the Authority may wish to give consideration to formalising and documenting the induction process – particularly for any incoming executives who would benefit from more detailed training and induction on financial matters and Accounting Officer duties.	Since the Triennial Review there have been no new executive appointments but the Framework document detailing the relationship between the Authority and the Department includes: *(The Chief Executive), together with the other Board members, receives an appropriate full formal induction that would include, but not be limited to, training on financial management and reporting requirements and on any differences that may exist between private and public sector practice.*
2. The Challenge Group noted that Board members were all subject to annual performance appraisals, and that by virtue of the membership of the Board, the arrangements for the Chair's appraisal involved some "circularity" – with the Chair being both appraised by, and appraising, another colleague. While it was recognised that this was not unusual in corporate environments the Group recommended the Board prioritises giving consideration to alternative methods of undertaking such appraisals which avoid this direct circular relationship.	Since the reporting year 2016-17 a revised process has been introduced for the Chair's annual appraisal which includes the senior Non-Executive Director meeting with the Director of the Sponsor Team within the Department to discuss their appraisal report and feedback that has been obtained.
3. Consideration should be given to formalising the induction process for new Board Members (when the next appointment is made), whilst still allowing flexibility for bespoke elements to the induction as appropriate.	As detailed above the Framework document includes: *(The Chief Executive), together with the other Board members, receives an appropriate full formal induction that would include, but not be limited to, training on financial management and reporting requirements and on any differences that may exist between private and public sector practice.*
4. Staff guidance on political impartiality should be updated to include specific reference to restrictions on staff attending political conferences in a professional capacity.	The Framework document detailing the relationship between the Authority and the Department includes: *Staff are aware of guidance on political impartiality and the restrictions on staff attending political conferences in a professional capacity.*
5. The Coal Authority should continue to give consideration to putting in place rules governing the acceptance of appointments or employment for Board members and senior staff after resignation or retirement. Such rules could either be incorporated into the relevant contracts and appointment literature, or other documents as appropriate.	Coal Authority Executive contracts now contain confidentiality and restriction clauses.

Triennial Review Recommendations	Actions since December 2014
6. The Sponsor Team should continue to work with the Coal Authority as part of on-going financial monitoring and business planning to identify efficiencies or opportunities for further shared services. In addition the Authority plans to become more self-sufficient through realising the economic value of their people and information; and promoting themselves as a world leader in resolving the impacts of mining. The Authority will progress discussions with the Cabinet Office Commercial Models Team on the relevant commercial models for delivering this over the course of its 5 year plan and the DECC Sponsor Team will continue to update Cabinet Office Ministers on progress.	As part of the 2015 Spending Review and the Business Planning rounds of 2016 and 2017, the Authority has continued to identify savings and efficiencies as part of its Five Year Plan.

Annex 3: Business model



Annex 4: List of interviewees

Coal Authority Senior Management Team

- Stephen Dingle, Chair
- Philip Lawrence, Chief Executive Officer
- Simon Reed, Chief Operating Officer
- Paul Frammingham, Chief Finance and Information Officer
- Lisa Stanger, Director of People and Transformation

Individual interviews have been held with Stephen, Philip and Lisa. Other SMT members participated in a workshop at the start of the Review.

Non-Executive Directors

- Gemma Pearce
- Bob Spedding

Coal Authority Employees

A half day workshop, held at The Coal Authority in August 2017, enabled participants from across the organisation to give their views on a range of topics, including engagement, vision, direction and inclusivity.

BEIS Sponsorship Team

- Jeremy Cousins, Deputy Director, Energy Development
- Chris Whelan, Assistant Director, Coal Liabilities Unit

Customers

- Neal Rushton, Principal Mining Engineer, Network Rail
- Malcolm Smith, Commercial Director, Groundsure
- James Kinch, Land Resources Manager, Midlothian Council
- Phoebe Barrett, Policy Officer, Water Availability & Quality, DEFRA
- Ashley Holt, Head of Innovative Financing, Water Quality Team, DEFRA
- Catherine Harrold, Deputy Director, Water Quality Team, DEFRA

Annex 5: Principles of Corporate Governance

Principles of corporate governance	Assessment	Explain
Accountability		
Statutory Accountability: The public body complies with all statutory and administrative requirements on the use of public funds (inc HMT Managing Public Money, and CO/HMT spending controls)	Compliant	The Coal Authority was established under the Coal Industry Act 1994. It has a published Framework Document last reviewed in March 2017 which is available from gov.uk. This framework outlines the statutory and administrative requirements for the organisation. The Authority and the Department undertake regular performance monitoring against these requirements.
The public body operates within the limits of its statutory authority and in accordance with delegated authorities agreed with BEIS	Compliant	The published Framework Document was last reviewed in March 2017 and is available from gov.uk. This framework outlines the statutory and administrative requirements for the organisation. The Authority and the Department undertake regular performance monitoring against these requirements. There is a Delegation letter issued by the department specifying the delegated authorities relating to budget. Delegations are seen as 'evergreen' in that it has immediate effect and will remain in force until further notice or such time that the recipient personally cease to be the post holder. BEIS Group Finance had not yet issued the delegations for this year, at the time of the Review.
The public body operates in line with statutory requirements for the Freedom of Information Act (FoI)	Compliant	There is a FoI section on the gov.uk website where data on FoI requests, reports and findings can be accessed. Published data before 2010 can be accessed via Coal Authority archived website.
The public body has a comprehensive publication scheme	Compliant	The scheme and associated information is published on the gov.uk website: https://www.gov.uk/ and on data.gov dedicated page: http://data.gov.uk and/or the organisation's' website In addition, some transparency data (e.g. workforce management information) is published by BEIS for all partner organisations. Published data includes reports and data relating to coalfields, managed sites and the service provided to the public.
The public body proactively releases information that is of legitimate public interest	Compliant	This data is published on the gov.uk website: https://www.gov.uk/ and on data.gov dedicated page: http://data.gov.uk and/or the organisation's' website In addition, some transparency data (e.g. workforce management information) is published by BEIS for all partner organisations. Published data includes reports and data relating to coalfields, managed sites and the service provided to the public.

Principles of corporate governance	Assessment	Explain
The public body Produces Annual Reports and Accounts which are laid before Parliament	Compliant	The organisation's Annual Reports and Accounts are published on gov.uk and laid before Parliament every year.
The public body applies with data protection legislation	Compliant	The organisation has an internal Data Protection procedure and public information charter: https://www.gov.uk/
The public body complies with Public Records Acts 1958 and 1967	Compliant	The organisation has a Records Officer, and complies with record retention policies. It submits records to the National Archive.
Accountability for public money: there is a formally designated Accounting Officer (AO) who in particular has a responsibility to provide evidence-based assurances required by the Principal Accounting Officer (PAO)	Compliant	There is a letter of appointment for the AO of the organisation from the BEIS Permanent Secretary. Evidence based assurance is provided to the department in a timely manner.
The role, responsibilities and accountability of the AO should be clearly defined and understood and the AO should have received appropriate training.	Compliant	The letter of appointment lays out the responsibilities of the AO. The AO was recruited following an open recruitment process. He has an extensive private and public sector C-level financial background and evidence in this Review mirrors that of the Triennial Review of 2014, where there is confidence that the AO understood fully the responsibilities expected of the role.
The public body should be compliant with requirements set out in Managing Public Money, relevant Dear Accounting Officer letters and other directions.	Compliant	The Framework document, refreshed annually, lays out the responsibilities of the organisation, Board and CEO in complying with Managing Public Money, relevant Dear Accounting Officer letters and other directions. The Framework Document is reviewed annually and signed off by the Board. Best practice states that there should be a documented escalation and resolution route when the dual roles of the CEO and Accounting Officer are conflicted.

Principles of corporate governance	Assessment	Explain
The public body should establish appropriate arrangements to ensure that public funds: • are properly safeguarded; • are used economically, efficiently and effectively; • are used in accordance with the statutory or other authorities that govern their use; • deliver value for money for the Exchequer as a whole; • are subject to Treasury approval, either directly or through established delegated authority	Compliant	The Board and CEO ensure any Terms of Reference, together with the Framework Document lay out how the Authority meets these requirements. An Internal Finance Manual and delegation letters set out how the day-to-day operation complies. There is evidence that these have been recently reviewed and updated.
The annual accounts are laid before Parliament after certification by the Comptroller and Auditor General.	Compliant	Accounts have been produced and laid before Parliament since 1954. They are certified by the NAO.
Ministerial Accountability: The Secretary of State (SoS) and Sponsor should exercise appropriate scrutiny and oversight of the public body.	Compliant	The relevant legislation sets out the scrutiny and oversight of the Secretary of State. Day-to-day oversight of the Authority is delegated by the SoS to the BEIS sponsor team and this is outlined in the Framework document.
Appointments to the board should be made in line with any statutory requirements and, where appropriate, with the *Code of Practice* issued by OCPA.	Compliant	Appointments to the Board are made by the Secretary of State, following the OCPA code. April 2017 was the most recent Board appointment.
The Secretary of State will normally appoint the Chair and all non-executive board members of the public body and be able to remove individuals whose performance or conduct is unsatisfactory.	Compliant	The SoS lays out the terms of appointment for Board members in their appointment letter, and would be able to remove individuals whose performance or conduct is unsatisfactory. Although not specifically stated in the Framework Document, satisfactory performance was confirmed via the Terms & Conditions of an Non-Executive board member.
The Secretary of State should be consulted on the appointment of the Chief Executive and will normally approve the terms and conditions of employment.	Compliant	The Authority Board is usually responsible for the appointment of the CEO. BEIS are consulted and approve the terms and conditions of appointment. The CEO is also usually the Accounting Officer, which is a BEIS appointment.

Principles of corporate governance	Assessment	Explain
The Secretary of State should meet the Chair and/or Chief Executive on a regular basis.	Compliant	The framework document outlines the Ministerial responsibilities and the expectation of meetings between the responsible Minister and the Coal Authority to happen at least annually.
Parliament should be informed of the activities of the public body through publication of an annual report.	Compliant	The Annual Report and Accounts is laid before Parliament each year.
A range of appropriate controls and safeguards should be in place to ensure that the Secretary of State is consulted on key issues and can be properly held to account (e.g. Business Plan, power to require information, a general or specific power of Ministerial direction over the public body, a power for the Secretary of State to be consulted on key financial decisions.)	Compliant	The framework document specifies the Ministerial responsibilities accordingly.
Roles and Responsibilities		
Role of the Sponsoring Group: The Group should scrutinise the performance of the public body. There should be appropriate systems and processes to ensure effective governance, risk management and internal control in the public body.	Compliant	The framework document specifies the role of the sponsoring group and they are: - Regular provision of and scrutiny of performance reports - Setting of KPIs and other measurements of delivery - Attendance at Board and/or key governance meetings - 6-monthly meetings are held between the CEO, CFO and BEIS directors to update on progress against the Corporate Plan. - A yearly risk-review meeting is held, chaired by the BEIS Director General for FCS, to review the current risk status of the Authority. A gap analysis was recently completed to consider how the relationship with the department aligned to Cabinet Office Best Practice in this area.
There should be a Framework Document in place which sets out clearly the aims, objectives and functions of the public body and the respective roles and responsibilities of the Secretary of State, the Sponsoring Group and the public body. It should be regularly reviewed and updated and follow relevant CO and HMT guidance. The Framework document should include a Financial Memorandum as an appendix.	Compliant	Framework document in place and last reviewed in March 2017.

Principles of corporate governance	Assessment	Explain
A Sponsor should be identified and there should be regular and on-going dialogue between the Sponsoring Group and the public body. Senior officials from the Sponsoring Group may as appropriate attend board and/or committee meetings.	Compliant	There are identified sponsors in BEIS. The framework document also specifies the role of the sponsoring group and they are: - Regular provision of and scrutiny of performance reports - Setting of KPIs and other measurements of delivery - Attendance at Board and/or key governance meetings - 6-monthly meetings are held between the CEO, CFO and BEIS directors to update on progress against the Corporate Plan. - A yearly risk-review meeting is held, chaired by the BEIS Director General for FCS, to review the current risk status of the Authority. A gap analysis was recently completed to consider how the relationship with the department aligned to Cabinet Office Best Practice in this area.
Role of the Board: The Board of the public body should meet regularly, retain effective control over the PO, and monitor the SMT, holding the CEO accountable for the performance and management of the PO.	Compliant	The framework document specifies the role of the Board and links to Terms of Reference (ToR) for the Board and the accountability of the CEO. The Board meets regularly and conducts its business in line with the Terms of Reference.
The Board of the public body should be appropriate in size with membership from a diverse background.	Compliant	The Board membership was recently reviewed by BEIS and now contains the Chair, one Executive member and three non-execs. These include membership covering scientific, commercial and financial experts. The Company Secretary, who is also the CFO, together with the two additional Executive directors also attends.
The Board of the public body should establish a framework of strategic control specifying what matters are reserved for the board and establish arrangements to ensure it has access to relevant information, advice and recourses to carry out its role effectively.	Compliant	The ToR of the Board, together with the Framework document agreed with BEIS lay out the matters reserved for the Board. The agenda for Board meetings includes a regular updates from the CEO plus a financial report, together with other issues as required.
The Board of the public body should establish formal procedural and financial regulations to govern the conduct of its business.	Compliant	These are covered by the ToR of the Board and sub-committees. These are reviewed annually to ensure they remain relevant.

Principles of corporate governance	Assessment	Explain
The Board of the public body should make a senior executive responsible for ensuring appropriate advice is given on financial matters, procedures are followed, and that all applicable statutes and regulations and other relevant statements of best practice are complied with.	Compliant	The CFO is invited to attend each Board meeting, and presents a financial report covering execution of the programme. The Board approve the annual budget at their meeting ahead of the beginning of the next financial year. The CFO is also Company Secretary, and is responsible for ensuring compliance with all relevant regulations.
The Board of the public body should establish a remuneration committee to make recommendations on the remuneration of top executives. Information on senior salaries should be published. The board should ensure that rules for recruitment and management of staff provide for appointment and advancement on merit.	Compliant	A remuneration committee has been established and determines the remuneration of the organisations' executives and within guidelines set by HM Treasury. Senior salary information is published in the Annual Report and Accounts. The latest Annual Report and Accounts outlines the recent work of this committee. The Framework Document states that the Authority's staff are subject to levels of remuneration and T&Cs of service (including pensions) within the general pay structure approved by the Department and HM Treasury
The Board of the public body should evaluate annually, including an evaluation of the chair and board members.	Compliant	The Board carries out an annual evaluation of its performance and that of its sub-committees, and consider the results of the reviews at one of the Board meetings. The reviews include assessment of the members. There is an HR and Remuneration Committee where minutes are prepared. The performance assessments of Executive Directors are reviewed by the HR and Remuneration Committee
Role of the Chair: The Board should be led by a non-executive Chair, whose duties, roles and responsibilities, terms of office and remuneration should be set out clearly and formally defined in writing. Terms and conditions must be in line with CO guidance and any statutory requirement.	Compliant	The framework document specifies the role of the Chair and their associated responsibilities. This is supplemented by the appointment letter and associated terms and conditions.
There should be a formal, rigorous and transparent process for the appointment of the Chair, which is compliant with the Code of Practice issued by OCPA. The Chair should have a role in the appointment of non-executives.	Compliant	The appointment of Chair is made by the SoS of BEIS under the code of practice issues by OCPA. The Chair was appointed in November 2012. The most recent non-executive appointment was made in April 2017.

Principles of corporate governance	Assessment	Explain
The responsibilities of the Chair can include: • representing the public body in discussions with the Secretary of State. • advising the Sponsor Group/the Secretary of State about board appointments and performance of non-executive members. • ensuring non-executives understand their responsibilities; are trained appropriately and undergo annual assessments. • ensure the board takes account of guidance provided by the Secretary of State; carries out its business efficiently and effectively, has its views represented to the public. • develops effective working relationships with the CEO (role of Chair and CEO must be held by different individuals.) • subject to an annual appraisal by the Permanent Secretary or relevant Director General. • appraises other board members ensuring they are performing to standard, following disciplinary procedures if necessary and ensuring they are committing the appropriate time to the work.	Compliant	Responsibilities are specified in the Framework document accordingly and as aligned to those listed here.
Role of the Chief Executive Officer (CEO): the public body should be led by a CEO, whose duties, roles and responsibilities, terms of office and remuneration should be set out clearly and formally defined in writing. Terms and conditions must be in line with CO guidance and any statutory requirement.	Compliant	The CEO is appointed by the Board following consultation with BEIS. The CEO is also the Accounting Officer, which is a BEIS appointment. The BEIS letter of appointment and Framework Document lay out the responsibilities and terms of the appointment.

Principles of corporate governance	Assessment	Explain
There should be a formal, rigorous and transparent process for the appointment of the CEO.	Compliant	The CEO was appointed in 2007 following an open recruitment process.
The responsibilities of the CEO can include the responsibilities of the Accounting Officer, which involve: • overall responsibility for the public body's performance, accounting for any disbursements of grant to the public body. • establish the public body's corporate and business plans and departmental targets. • management of senior staff within the public body ensuring they are meeting objectives and following disciplinary procedures if necessary • maintains accounting records that provide the necessary information for the consolidation if applicable.	Compliant	The BEIS letter of appointment and Framework Document lay out the responsibilities and terms of the appointment. The CEO is also the Accounting Officer with responsibilities as defined in Management of Public Money.
Role of the Non-Executive Board Members: Non-executive members should form the majority of the board.	Compliant	The Board membership was recently reviewed by BEIS and now contains the Chair, one Executive member and three Non-Executive Directors.
Non-executive members should be appointed under a formal, rigorous and transparent process compliant with the code of practice issued by OCPA.	Compliant	Non-Executive member appointments are made by the SoS of BEIS under the code of practice issues by OCPA. The most recent appointment was made in April 2017.
Non-executive members should have their duties, roles and responsibilities, terms of office and remuneration set out clearly and formally defined in writing. Their terms and conditions must be in line with CO guidance and any statutory requirement.	Compliant	Their appointment letter, together with the Terms of Reference of the Board and Framework document lay out the responsibilities and duties. The organisation has a formal induction process for Non-Executive Directors which responds to the recommendations of the 2014 Triennial Review. The process for their recruitment is subject to the OCPA code.

Principles of corporate governance	Assessment	Explain
Non-executive members should be independent of management.	Compliant	Non-executive members are independent from the management of the organisation and their responsibilities are as defined in the Framework document and Terms of Reference of the board and associated committee.
Non-executive members should allocate sufficient time to the board with details of their attendance published.	Compliant	The members attend both Board and sub-committee meetings. The attendance levels are reported in the Annual Report and Accounts.
Non-executive members should undergo proper induction, and appraisals.	Compliant	Interviews with a NED confirmed an induction programme The Framework Document states, 'The Chair is obliged to ensure he and other Board members receives full and formal induction…'
Non-executive members' responsibilities include: • establishing strategic direction of the public body and oversee development and implementation of strategies, plans, priorities and performance/financial targets. • ensuring the public body complies with statutory and administrative requirements on the use of public funds and operates within its statutory and delegated authority. • that high standards of corporate governance are observed.	Compliant	The duties of the non-executive members of the Board are outlined in the Framework document, together with the Terms of Reference of the committees they attend.
Effective Financial Management		
Publish on time an objective, balanced and understandable annual report which complies with Treasury guidance, and includes an Annual Governance Statement.	Compliant	The Annual Report and Accounts is published each year and laid before Parliament before the summer recess. The most recent report was published on 29 June 2017.
Comply with NAO requirements relating to the production and certification of their annual accounts.	Compliant	NAO are responsible for the auditing of the Annual Report and Accounts of the organisation.

Principles of corporate governance	Assessment	Explain
Have effective systems of risk management as part of their systems of internal control.	Compliant	The Board sets and regularly reviews the ‘risk appetite’ for the organisation and this informs their decision-making. Risk appetite is required to be referenced in Board, Investment Board and Commercial Opportunities Board papers. The system of governance, risk management and control is designed to manage risk to a reasonable level and has been in place prior to January 2017 - this is confirmed in previous annual reports and accounts for the governance statement. Risks are discussed and managed through the organisation on a real time basis. Examples of this include: • Board focus on strategy and associated risk • ongoing interaction between managers and Board Directors that promotes an understanding of risk appetite including NED representation on key project boards • a risk register that is current, subject to quarterly management sign off, and subject to periodic audit committee, Executive Leadership Team and Business Team review • the Executive Leadership Team continued focus on strategic issues and key risks around the culture, capacity and competence of the organisation • the Investment Board and Commercial Opportunities Board
Ensure an effective internal audit function is established which operates to Government Internal Audit Standards in accordance with CO guidance.	Compliant	There is an internal audit function that reports to the CEO, CFO and the Audit Committee. Internal audit is provided by Government Internal Audit and Agency which operates in line with the associated guidance.
Have appropriate financial delegations in place understood by all relevant staff and stakeholders. Effective systems must be in place to ensure compliance with these delegations and the systems are regularly reviewed.	Compliant	A delegations paper and annexes identify the delegated financial limits including sub-delegation to budget holders and other line managers. For completeness it also includes other financial delegation for the certification and authorisation of expenditure, the signatories of the Authority’s bank accounts, the use of the government procurement credit card and the ability to engage and commit the Authority in commercial opportunities. More details on the documents to be used and the procedures to be followed when seeking financial authority are documented in the Financial Regulations manual, Procurement Manual, Investment Board Terms of Reference and the Commercial Opportunities Board Terms of Reference. The control system is regularly reviewed.

Principles of corporate governance	Assessment	Explain
Have anti-fraud and anti-corruption measures in place, and clear published rules governing claiming of expenses, with systems in place to ensure compliance. Information on expenses claimed by board members and senior staff should be published.	Compliant	Both Anti-Fraud and Anti-Corruption policies are in place. The code of conduct for employees is part of the Conditions of Employment Manual. Fraud prevention measures are outlined in the Finance manual. Members of staff with financial delegations are required to undertake anti-fraud training. Fraud is also covered under the 'Responsible for Information' e-learning, which is a mandatory course for all staff. The Finance manual also contains details about 'Entertainment, Gifts and Hospitality'. A log is kept of all prospective gifts / hospitality, whether accepted or not. Executive's expenses are published on the website. Directors' expenses and benefits are provided in the annual report & accounts (Remuneration report).
Establish an audit (or audit and risk) committee with responsibility for independent review of the systems of internal control and external audit process.	Compliant	The Board Audit Committee is responsible for ensuring that there is an independent review of internal systems and processes.
Take steps to ensure objective and professional relationship is maintained with external auditors.	Compliant	The relationship with NAO is the responsibility of the CFO and head of Financial Accounts. There is a good working relationship, with pre-audit and other regular meetings.
Comply with BEIS guidance with regard to any department restrictions on spending.	Compliant	The delegations outlined in the organisation's finance manual are directly related to the financial delegations from BEIS. These are updated as required if new delegation letters are issued.
Report to Corporate Finance with management accounts and Grant In Aid authorities.	Compliant	The organisation submits monthly and quarterly results and estimates to BEIS corporate finance via a central system. Annual results on the BEIS Chart of Accounts are submitted to be incorporated into the BEIS Annual Accounts.
Communication and Engagement		
The public body should establish clear and effective channels of communication with stakeholders.	Compliant	The Coal Authority has clear and effective communication channels with its stakeholders, and an overarching Communications Strategy. Guidance has been produced for staff in stakeholder engagement, with accompanying templates. There is an ongoing stakeholder engagement training programme, delivered across the organisation.

Principles of corporate governance	Assessment	Explain
The public body should make an explicit commitment to openness in all activities. Engage and consult with public on issues of public interest or concern and publish details of senior staff and board members with contact details.	Compliant	The organisation publishes reports and data in the public interest relating to the legacy of coal mining. This information is available via gov.uk.
The public body should hold open board meetings or an annual open meeting.	Compliant	The organisation hold public Board meetings with the most recent being held in July 2017.
The public body should proactively publish agendas, minutes of board meetings and performance data.	Part-compliant	Agendas and minutes for open Board meetings (January and March 2017) have been published on gov.uk. The latest open meeting was in July 2017.
The public body should establish and publish effective correspondence handling and complaint procedures, and make it simple for members of the public to contact them/make complaints. Complaints should be investigated thoroughly and be subject to investigation by the Parliamentary Ombudsman. Performance in handling correspondence should be monitored and reported on.	Compliant	The Coal Authority website has a published Complaints procedure with contact details. The internal staff handbook also details the process to register complaints.
The public body should comply with any Government restrictions on publicity and advertising, with appropriate rules in place to limit use of marketing and PR consultants. Have robust and effective systems in place to ensure the public body is not engaged in political lobbying, includes restriction on board members attending Party Conferences in a professional capacity.	Compliant	The BEIS delegation letter sets out the publicity and advertising restrictions that apply. The Coal Authority code of conduct requires all staff and Board members to be politically impartial. The Sponsor Team provides further guidance to the Coal Authority on topical issues of political proprietary – particularly in relation to elections and periods of “purdah” in which announcements are limited. This guidance is circulated to all employees of the Coal Authority.
The public body should engage the Sponsor Group appropriately especially in instances where events may have reputational implications on the department.	Compliant	The monthly meetings with the sponsor team are used to raise any issues that may lead to reputational impact for the organisation or BEIS.

Principles of corporate governance	Assessment	Explain
Conduct and Propriety		
A Code of Conduct must be in place setting out the standards of personal and professional behaviour and propriety expected of all board members which follows the CO Code and form part of the terms and conditions of appointment.	Compliant	The framework document and individual letters and terms of appointment specify this and refer to relevant codes and guidelines.
The public body has adopted a Code of Conduct for staff based on the CO model Code and form part of the terms and conditions of employment.	Compliant	A code of conduct is included in the Conditions of Employment Manual, and exists to support all staff employed in executive non-departmental public bodies in meeting expected standards of behaviour.
There are clear rules and procedures in place for managing conflicts of interest. There is a publicly available Register of Interests for board members and senior staff which is regularly updated.	Compliant	Conflict of Interest is covered in the Conditions of Employment Manual. Board members interests are published on the website and in the annual report & accounts.
There are clear rules and guidelines in place on political activity for board members and staff with effective systems in place to ensure compliance with any restrictions.	Compliant	Conflict of Interest is covered in the Conditions of Employment Manual. Board members interests are published on the website and in the annual report & accounts. Political activity is actively discouraged through reminders at election time.
There are rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement which are effectively enforced.	Part-compliant	The framework document agreed between the organisation and BEIS specifies all relevant government policies and guidance, including the Cabinet Office ‘Code of conduct for Board Members of Public Bodies’ which stipulates a number of rules around political appointments during and after appointment. The organisation does not currently have a formal procedure in place to ensure this, but will consider how to best ensure that these rules are complied with.
Board members and senior staff should show leadership by conducting themselves in accordance with the highest standards of personal and professional behaviour and in line with the principles set out in respective Codes of Conduct.	Compliant	The annual review of Board performance includes confirmation/assessment that Board members are operating to the ‘Seven principles of public life’.

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