The Coal Authority

Annual report and accounts 2018-19

HC 2302

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2018-19

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Performance report

Accountability report

Financial statements

Performance report 2018-19

Overview

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

Our mission:

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

Our purpose:

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

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

We contribute to the delivery of the government's Industrial Strategy and the 25 year Environment Plan. By sharing our knowledge and expertise we can support them in their mission of a cleaner, greener country for us all.

As a public body that holds significant geospatial data we work with the Geospatial Commission to look at how, by working together, we can unlock significant value across the economy.

Our governance and strategy:

We've an independent board responsible for setting our strategic direction, policies and priorities. It ensures our statutory duties are carried out effectively. Our chair and members of the board have a wealth of experience in the areas in which we work.

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

Our values:

Trusted

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

Inclusive

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

Progressive

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

The work we do

£2.3 billion
coal mining legacy managed

541
surface hazards reported to us

9,400
planning consultation responses

122 billion
litres of water treated a year

293,043
mining reports delivered

10,984
mine entry inspections carried out

1,975
permits issued

493
subsidence damage claims assessed

4,500
tonnes of iron solids prevented from entering water courses per year

350,000m^2
of reed beds maintained

Chair's foreword

It's a great pleasure for me to introduce our 2018-19 annual report. It has been a year of change both in terms of a number of new senior personnel and in how we do things. This includes working with others in a more confident and effective manner. Our newly revised mission, purpose and values (page 5) is a good summary of our ambitions.

We're increasingly realising opportunities from our mining heritage to create social value and real economic benefits to minimise costs to the taxpayer whilst continuing to manage issues from our mining legacy efficiently and effectively. This year we made our first commercial sale of ochre, the by-product of our treatment of contaminated water discharges from historic coal mines, to treat contaminated land and support land remediation. This reduces waste, delivers public good and provides income. We continue to invest in solar energy and to date have saved £79,000 in power costs and 311 tonnes of carbon from entering the atmosphere. Our Research and Development centre located at the National Coal Mining Museum for England in Wakefield is informing our innovation journey and we're actively exploring opportunities to use water and heat from mines to provide low carbon and sustainable solutions to some national challenges which would help deliver the government's Clean Growth Strategy and 25 year Environment Plan.

You'll notice that our provisions balance, reflecting the future cost of resolving the impacts of past coal mining, has changed again this year, decreasing by £2.0 billion from £4.3 billion to £2.3 billion at March 2019. This balance is calculated by applying HM Treasury assumptions on the time-value of money to a forecast of cash flows at today's prices. Our forecast of these underlying cash flows has increased by £0.3 billion to £2.2 billion, primarily reflecting an increase in the expected costs of building and operating mine water treatment schemes (although we expect our innovation and research programmes to help offset this in time). This is more than offset by changes to HM Treasury discount rates which decrease the provision by £2.3 billion. You can find more information in the financial review (page 22) and note to the accounts (page 101).

To keep delivering our work – and to fully realise the challenges and opportunities ahead – we need to continue to develop and grow and be bold in our approach. Our people are essential to this and they are vital in enabling us to be a sustainable organisation for the future. We want to be seen as an employer of choice that offers exciting careers, invests in and develops its people and is diverse and inclusive. We've made good progress this year, launching our new people plan, including a new learning and development strategy, which sets out our commitment to value, support and invest in all our staff and their wellbeing. As part of this we've trained 16 mental health first aiders and all managers have attended mental health first aid training.

We've this year published our first gender pay gap report on our web page at www.gov.uk/coalauthority. We're able to report some progress but we're not satisfied. We're committed to further reducing our gender pay gap which is larger than we would like mainly due to the fact that many of our staff were originally from the largely male coal industry. I'm pleased to say that we've seen an increase in the number of women joining us this year, including in more senior roles for example the appointment of our first female chief executive. We realise that we've a significant way to go but have a clear plan and a strong commitment to reducing the gap over the next few years.

To enable us to do all this effectively, be a sustainable organisation and fit for the future, we need people from a wide range of backgrounds with a passion for making a difference. Our workforce is changing, with over half of our people new to the organisation in the last 3 years. We're balancing these new skills and approaches with the important knowledge and expertise of longer serving staff and ensuring good knowledge transfer as the organisation continues to evolve.

Personally I am particularly pleased with the progress in becoming 'One Coal Authority' in our approach which enables us to give better and more consistent customer service and to use our information and expertise holistically to deliver better outcomes, be more innovative and efficient. I would like to take this opportunity to say thank you to all our staff for their continued commitment and delivery this year.

At the end of the year we said goodbye to Bob Spedding after 6 years' service as a Non-Executive Director and Chair of our Audit committee. Bob added great value to the Coal Authority and was committed to helping us to be well managed but also pragmatic. I personally greatly valued Bob's advice and would like to thank him for all his efforts. I am delighted to welcome Jayne Scott to the board as a successor to Bob. I am looking forward to working with Jayne.

This will be my final chair's foreword as I am entering my seventh and final year as chair. I am pleased to have been part of the success of a vibrant and forward thinking organisation. I have learned a lot and that is due to all of our staff. I could not have hoped for a more welcoming, caring and hardworking group of people.

Thank you.

Stephen Dingle
Chair

Chief executive's report

I’ve always been passionate about making a difference and I feel very fortunate to be given the opportunity to lead the Coal Authority which does important work every day to keep people safe and protect the environment. I’m committed to working with our great people and with partners and customers to maximise what we can do to make a better future for people and the environment in mining areas.

My 3 areas of focus this year have been to empower and support our people, listen to and work more with others and review our business plan and core processes.

We’ve engaged with staff and customers to shape our new people plan, learning and development strategy and mission, purpose and values. Our clearer focus on development, wellbeing and inclusion is a direct result of feedback from our staff and I’m delighted to see the people plan coming to life and helping us become a truly great place to work. In 2019-20 we will be working more closely with local communities, rolling out our new flexible working approaches and trialling more inclusive approaches to recruitment.

We've met a wide range of customers, stakeholders and partners across England, Scotland and Wales and explored ways that we can work better together to deliver more for the communities we serve. We're using our expertise to help local authorities and national parks reduce risk from mine tips they are responsible for, working with major infrastructure providers including Network Rail and HS2 to inform risk based planning and exploring catchment approaches with water companies, environmental bodies and other partners. We've provided 293,043 coal mining search reports to help keep the housing market flowing and are continuing to encourage a more competitive market by licensing our data for others to use innovatively.

We continue to work with the Geospatial Commission, Geo6 founding bodies and others to join up our data and work together to simplify things for customers. Our Sustainable Urban Drainage tool with the Environment Agency in the North East is a good example of this. In 2019-20 we will continue this further.

The board reviewed our 5 year business plan in December and agreed that the 'what' remains fit for purpose with minor tweaks of emphasis and the incorporation of learning we've taken during our first year of delivery. The significant shift in 'how' we work is reflected in our new mission, purpose and values (page 5) and our people plan (page 26). Our business plan priority areas are outlined on page 19. Throughout these changes our focus on delivering outcomes, keeping people safe and protecting the environment has been unwavering. I am especially proud of our incident response and emergency work at Eckington Colliery. Within 10 weeks, following sudden closure, we completed work to minimise the risks to public safety arising from pollution or subsidence of the railway line. This was a credit to staff across the organisation and to our supply chain.

In 2019-20 we will work with customers and partners to develop new customer standards and simplify internal and external processes to ensure we're easier to engage and do business with. We will continue to be more visible through social and other media presence, updating our website and through improved signage and information boards at sites. We will further develop our commercial business by providing more expert services and advice and strengthen our opportunity pipelines for the assets and by-products (water, heat, ochre) we manage from our mining legacy. And we will continue to provide our core duties and 24/7 incident response and reassurance for anyone impacted by coal mining gas, subsidence or hazards.

The Coal Authority is a small organisation with a big remit and great people. I look forward to working with everyone to continue to make a difference in the year ahead.

Lisa Pinney MBE
Chief Executive and Accounting Officer

Highlights in 2018-19

We've made sustained progress in delivering the outcomes from the first year of our 5 year plan. We've continued to invest in the future and innovation as well as deliver our core roles of keeping people safe, protecting the environment and providing good quality information to help others make informed decisions.

We:

- carried out 10,984 mine entry inspections, repaired or rebuilt 117 homes and other properties, fixed 17 holes under roads or railways and 410 on other land and settled 544 claims as part of our 24/7 public safety and subsidence programme to keep people safe
- delivered mine water treatment capital projects across both coal and metal mines, continuing our research and development programme to protect drinking water, surface water and the wider environment by preventing mining pollution across England, Scotland and Wales
- enhanced our CON29M mining search report to further improve the information given to our customers and continued to work with other providers and data licensees to enable choice and competition in the conveyancing market
- generated commercial income of £5.5 million from our advisory services and through innovative use of by-products. This included the first commercial sale of ochre to treat contaminated land and to support sustainable land remediation
- improved our governance and core processes through our new teams in project management, legal and governance and customer insights to help drive efficiencies, remain compliant with all our legal obligations (including General Data Protection Regulation) and react better to customer needs and expectations
- continued to invest in our people through our new people plan, learning and development programme, and increased focus on diversity, inclusion, mental health and wellbeing

Outlook for 2019-20

Our mission is to make a better future for people and the environment in mining areas.

To achieve this we will:

- continue to deliver our core work keeping people safe from subsidence, protecting their drinking water and environment from mine water pollution and providing timely and effective information to infrastructure providers, developers and the conveyancing market
- establish and publish new customer service standards, consult on and implement our customer strategy and improve our visibility so that our customers can better see the work we do in their communities
- innovate, maximising opportunity from our research and development initiatives and bring value from our by-products and mining legacy alongside providing advisory services on both a government-government and commercial basis to deliver value, generate income and reduce cost to the taxpayer
- refresh our main office using smarter working principles, make our IT and infrastructure more accessible and continue to simplify our systems and processes to make it easier for our people to work and easier for others to do business with us
- make progress with our gender pay gap and diversity and inclusion action plans, invest in our expertise through learning and development and ensure that the Coal Authority is a great place to work so that we can be an employer of choice and have the skills we need to deliver the government's obligations for mining legacy into the future

Our performance

We launched our new 5 year business plan at the beginning of 2018-19 and set our strategic objectives and milestones. We've made good progress against the first year of our plan, reviewing how we do things, and setting the foundations to create a more sustainable organisation able to deliver our mission for years to come.

We're developing our balanced scorecard against 4 areas: customers and stakeholders; internal processes; our people; and managing our money. Our achievements in these areas are outlined below.

Customers and stakeholders

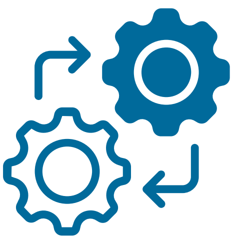
Deliver for our customers and implement a strategy to put the customer at the heart of what we do.

During the year we've set up our customer strategy and insights team. This team have scoped a long term programme to improve our customer focus and are well underway in developing our strategy and measures.

As well as delivering our core public safety and environmental programmes we've increased our profile across wider government strengthening future opportunity for increased partnerships and established our position as 1 of 6 organisations supporting the government’s Geospatial Commission.

Internal processes

Develop our governance and processes to empower our people within clearer frameworks.



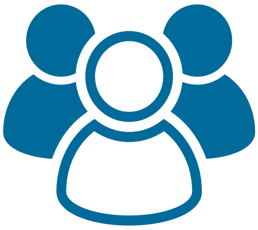
We've embedded our new finance and procurement systems across the organisation. These provide standardised processes, improved governance and better management information to help us run our business efficiently.

We've strengthened our legal and governance team so that we can continually improve and assure our processes as well as ensuring ongoing compliance to changing regulation.

Implementation of a new programme office structure will help us to more effectively prioritise and deliver our core work and improvement projects.

Our people

Create a great place to work and a sustainable organisation.



We launched our first people plan outlining how we can create a great place to work for all.

We've reviewed and increased our focus on diversity, inclusion, mental health and wellbeing through the creation of new working groups and policies.

Consulting with our colleagues we've developed and communicated our new mission, purpose and values.

We've introduced a learning and development team who have implemented a programme to drive the learning culture across the organisation.

We continue to build on our technical expertise, recruiting trainees in a number of specialist and technical roles, ensuring knowledge is transferred and maintained.

Managing our money

Manage our money efficiently to best deliver our mission and purpose.

We've continued to work closely with BEIS so that they understand our financial risks and we managed our expenditure in line with our agreed control totals.

45% of our expenditure was funded outside of BEIS grant in aid during the year. We generated £5.5 million income from our advisory services and by-products, using our expertise to create opportunities from our mining legacy.

We've continued to develop our products and services and have re-designed and relaunched our CON29M mining report to ensure that we continue to earn a significant financial contribution.

CASE STUDY

Lynemouth mine water treatment scheme

Lynemouth Colliery is part of the coalfield in the North East of England which reaches from Morpeth in the west to West Chevington in the north. It is connected to Ellington Colliery and together they mined coal reserves under the North Sea from the 1950s to 2005.

While mining was taking place water levels were controlled by a number of pumping stations in the area but this reduced from 1994 with the colliery finally closing in 2005. Once pumping stopped, the water levels in the workings began to rise, posing a risk of pollution to the aquifer above the underground workings which provides essential drinking water for the local community and local businesses.

We've monitored the situation since the mine closed in 2005 and, due to the complexity of the chemistry and underground system, designed a flexible treatment approach which could expand in phases as needed. In 2015 2 lagoons with treatment facilities became operational. We continued to monitor the groundwater and found that levels were rising faster than expected so we accelerated the next phase of works. Five further settlement lagoons and 2 sludge drying beds are in construction and will be fully operational in autumn 2019. The swift action of our team and our supply chain will protect local water quality and the environment and avoid additional cost to the taxpayer from costly temporary treatment.

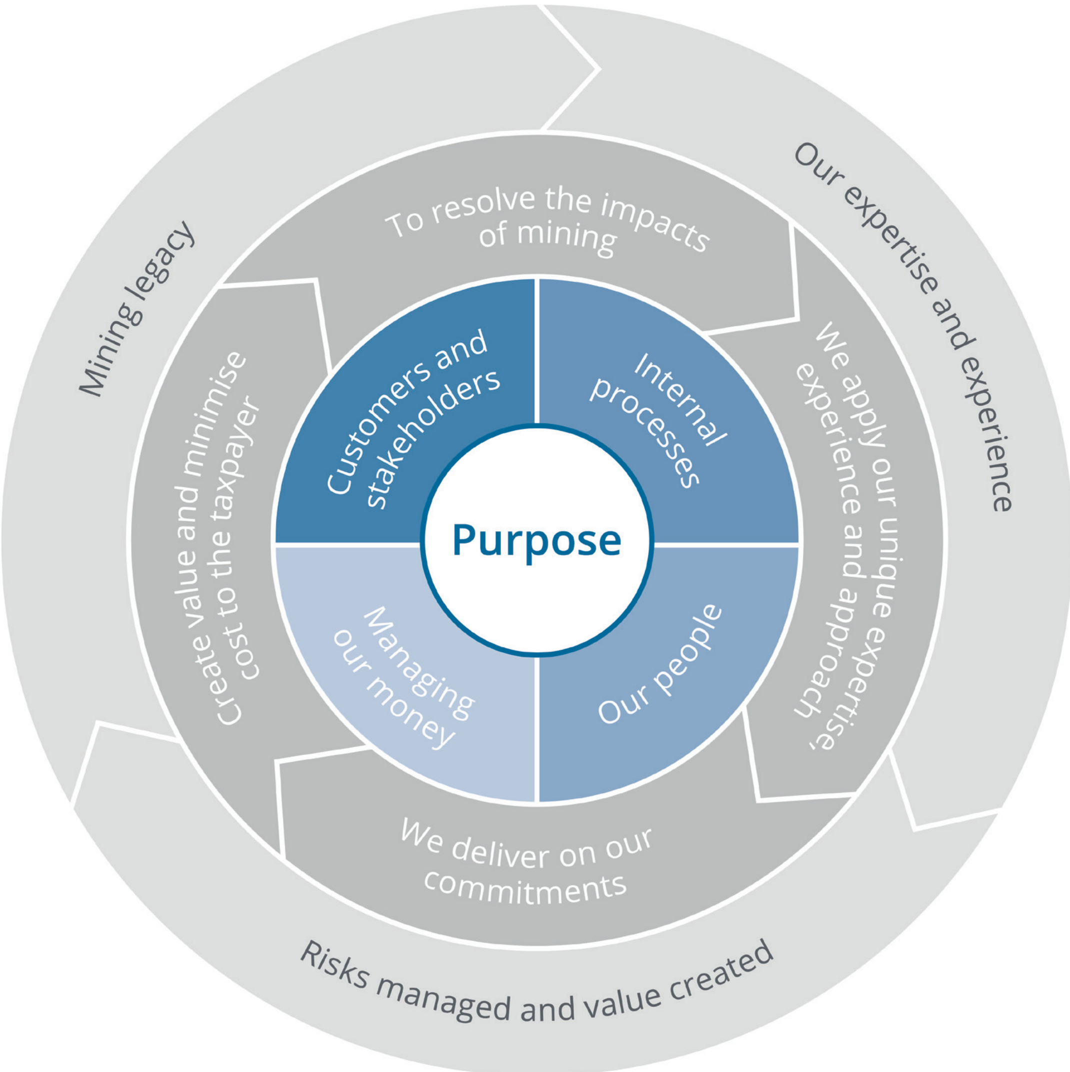
This scheme will be one of our largest mine water treatment schemes. At full capacity it will treat more than 6 billion litres of mine water per year – the equivalent of 2,400 olympic sized swimming pools – before discharging the treated water to the North Sea. It will remove 300 tonnes of iron per year and protect 1.6 million cubic metres of drinking water.

Our business model

Our business model forms part of our business plan. The model supports how we're going to deliver to our customers, invest in the future and build capabilities to enable us to achieve our goals and unlock our long term value.

Our purpose:

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



Our business plan

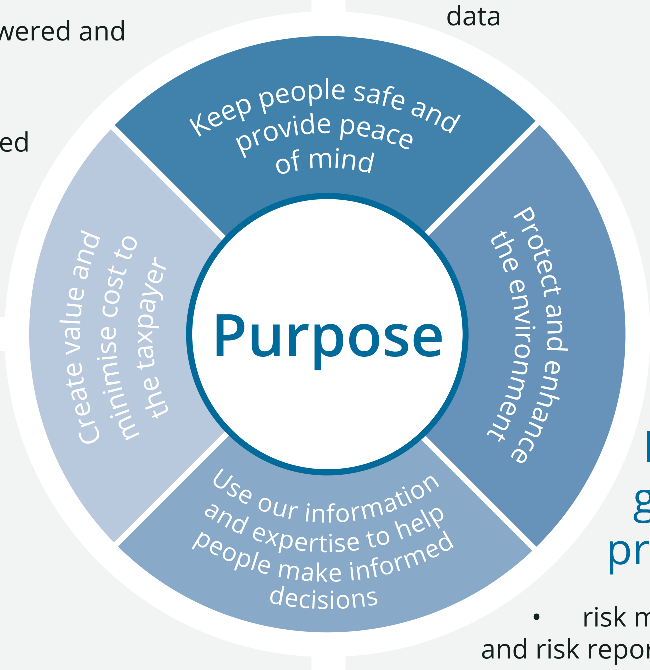
Our business plan places our purpose at the heart of what we do. Our improvement programmes and commercial activities will ensure that we will remain able to undertake these core duties as efficiently and effectively as possible.

Lead, support and develop our people:

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

Pursue commercial opportunities:

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



Implement a customer strategy:

- we understand our customers
- we focus on customer needs
- our customer data is measured, understood and utilised to add value
- best practice ways of working are embedded

Invest in our governance and processes:

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

Strategic risks

Risks	Mitigation	Relative rating
Public safety risk Despite Coal Authority controls, a significant surface hazard caused by past coal mining or incident at a Coal Authority legacy site causes serious injury or fatality.	We've well established processes to manage our risks including proactive inspection and communication programmes and a 24/7 triaged response line. We adopt a proportionate response to manage this risk but it cannot be eliminated.	**High (stable)**
Recruitment and retention Main office location and low awareness of Coal Authority purpose inhibits recruitment of talent and key skills impacting our ability to create a sustainable and diverse workforce.	We've launched our people plan which includes focus on leadership, equality, diversity and inclusion, job design, flexible working options and clear development opportunities. We've increased our social media presence and are widening our media visibility to highlight the breadth of our work and are developing more creative recruitment campaigns designed to reach a wider audience.	**High (decreasing)**
Disruptors in the information market Due to limited resource and focus on core duties we fail to develop new products or services in the face of potential disruptors to the information market, leading to missed opportunity for Coal Authority and others to create value from our information and data.	We will continue to work closely with the Geospatial Commission, its partner bodies, and other organisations to identify opportunities to share our data and information. During 2019 we will review and develop our next information strategy. We've been successful in releasing our data and opening up the coal mining reports market. We remain the market leader and are concentrating on developing new products and routes to market and providing excellent service to our customers.	**High (stable)**

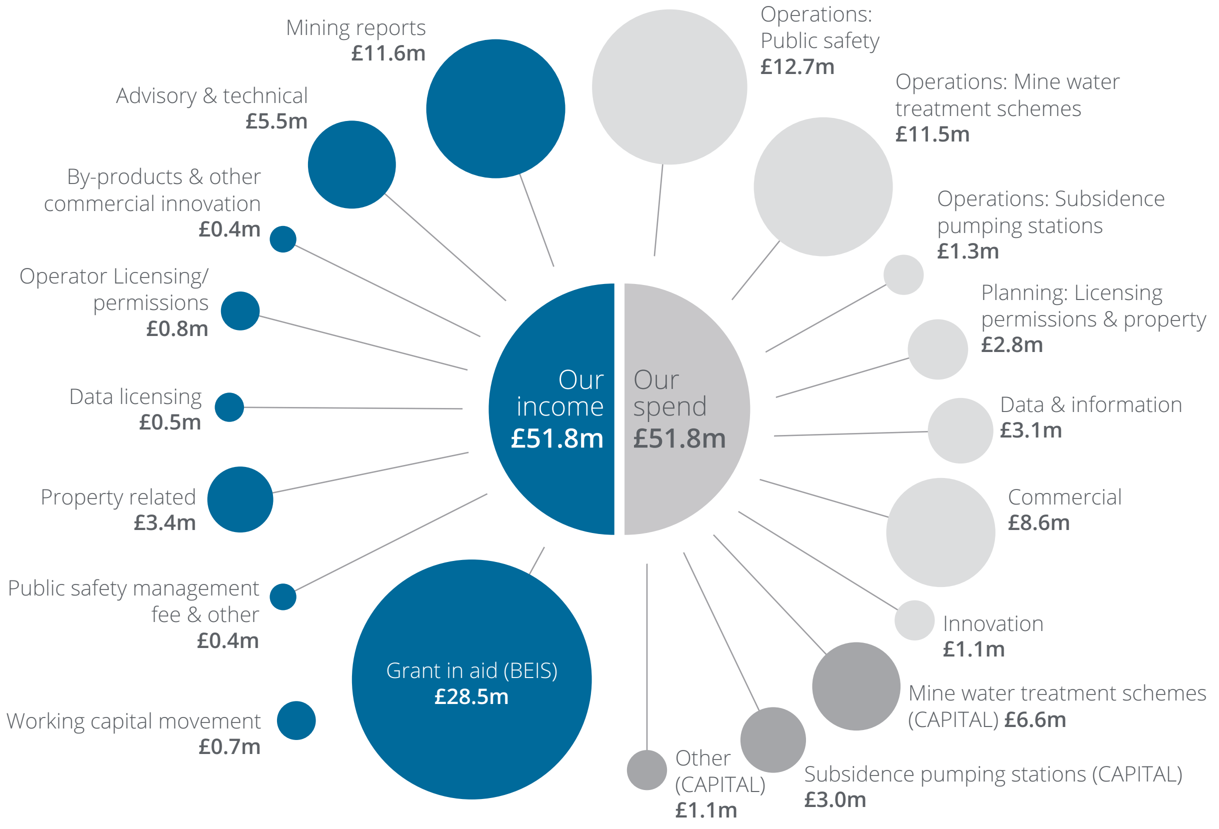
Risks	Mitigation	Relative rating
Markets Due to external funding pressures and uncertainty, opportunities to provide advisory services to government organisations develop more slowly leading to lost financial contribution and missed opportunity to create value from mining legacy.	We've reviewed our markets and rationalised the by-products and advisory services we're offering and the partners we're engaging with. We've re-designed our business intelligence capability and focused our commercial activity in one directorate to strengthen our strategic focus.	**Medium (stable)**
Innovation Due to funding constraints and the inherent risk in innovation, progress to develop new technology, processes and products may take longer than planned leading to delay in cost savings and value creation.	This programme is overseen by our Innovation board. Following a number of strategic reviews the team is focused on several key development strands. We will continue to collaborate with our sponsor department, the Department for Business, Energy and Industrial Strategy (BEIS), British Geological Survey and other organisations to maximise our success.	**Medium (stable)**
Financial support Sustained pressure on mine water treatment costs and the reactive nature of our public safety work leads to a short term funding gap causing us to slow or stop key strategic programmes.	We work closely and transparently with BEIS to share our plans and manage our financial risks. BEIS are supportive of our strategy which is designed to enable us to manage the UK's coal mining legacy as efficiently as possible.	**Medium (stable)**
Exit from EU Uncertainty in respect of timing and nature of exit from the EU may lead to impact on funding and policy for the Coal Authority and its partners. An un-managed exit may lead to disruption.	We continue to monitor the situation carefully. We've reviewed the elements of our business that may be affected in the short term by EU exit, for instance supply of chemicals to our mine water treatment plants, and have plans in place to manage these. Our business continuity plans have been reviewed and updated so that colleagues are clear on how to deal with minor disruption.	**Low (increasing)**

Financial review

This year we've made further good progress with our strategy of building a sustainable organisation that will continue to make a better future for people and the environment in mining areas.

We work closely with the Department of Business, Energy and Industrial Strategy (BEIS) to communicate the risks and sensitivities behind our funding requirements and have delivered in line with our expected control totals. BEIS grant in aid received in the year was £28.5 million (2017-18: £30 million). Operating income from our customers at £19.5 million was £1.7 million ahead of 2017-18 (£17.8 million). An increase in our advisory services income of £1.8 million to £5.5 million (2017-18 £3.7 million) reflects our success in delivering for other government organisations including the Department for Environment, Food and Rural Affairs, Network Rail and Natural Resources Wales. We continue to be the market leader in providing coal mining reports and during the year the success of our strategy to promote a competitive mining report market has seen our overall market share reduce broadly in line with expectation. This is partly reflected in a reduction of income from £12.1 million to £11.6 million. We continue to develop our products to meet market requirements and during the year we developed an enhanced version of our CON29M mining report which was released in April 2019.

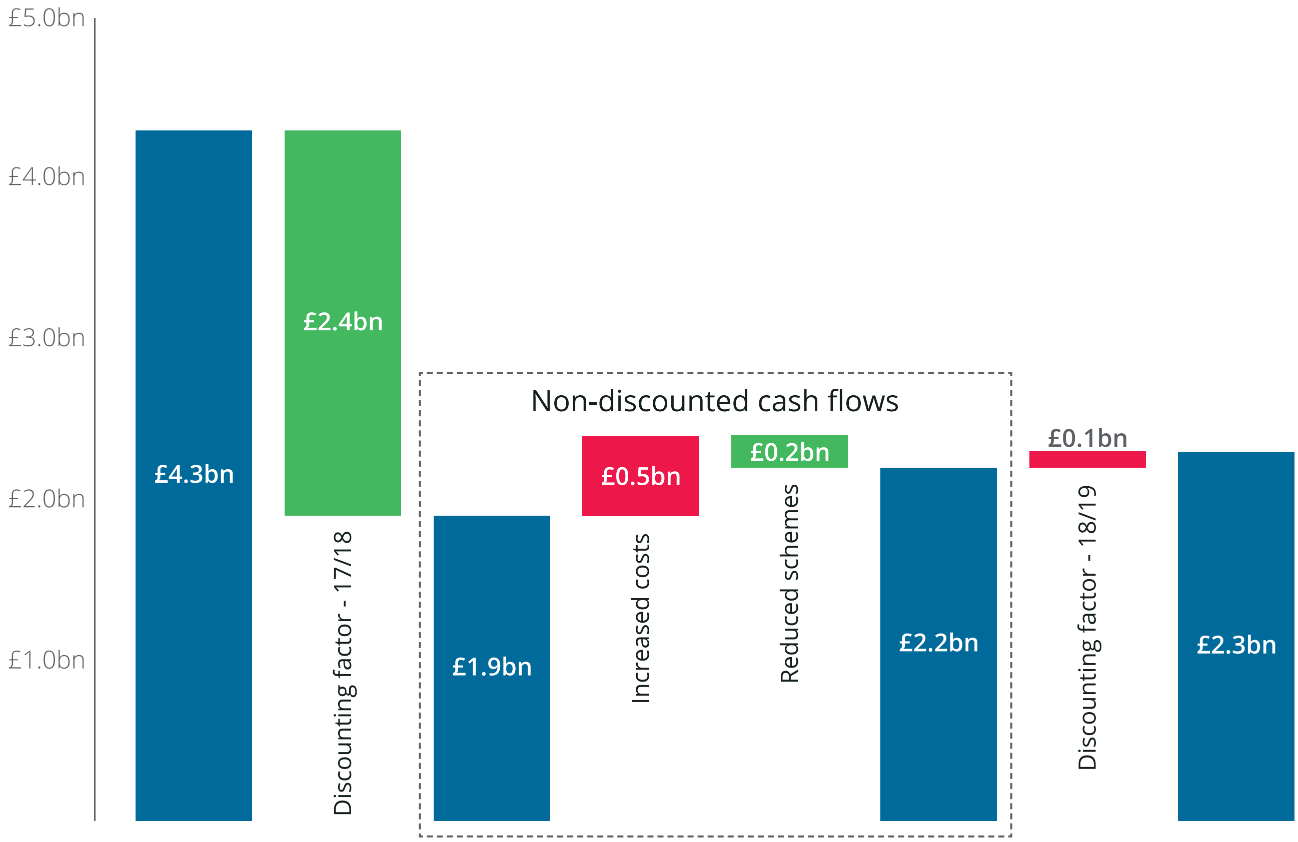
How we used our money in 2018-19



Provisions

Our accounts are dominated by our provisions balance and associated movements. The rationale and methodology for calculating this are shown at note 12 to the accounts. As in previous years and in line with our accounting policy, the provision for resolving the impacts of past coal mining was reviewed at the end of 2018-19. As a result our provision has decreased from £4.3 billion to £2.3 billion. This is illustrated below.

Provisions – overview of movements from March 2018 to March 2019



Underlying pre-inflation cash-flows have increased by £0.3 billion from £1.9 billion to £2.2 billion driven by latest forecasts in respect of our mine water programme. Our increased experience of running schemes over a sustained period of time indicates that the operating life of certain components is lower than that originally expected and therefore future refurbishment costs are likely to be higher than previously provisioned. Similarly, sustained pressure on operating costs, including power and chemicals, indicates that operating cash flows will be higher than previously anticipated. The combined effect of these is an increase in predicted future mine water treatment costs, based on the previous number of forecast schemes, of £0.5 billion. Our innovation programme is designed to generate efficiency savings and deliver environmental benefits by reviewing new ways of delivering our core services. Because benefits from future innovation are uncertain and difficult to predict they cannot be taken into account for purposes of our provisions calculation.

This increase in forecast cash flows is offset by a reduction in the forecast cost of building new schemes. Mine water scheme build is dependent on cost/benefit analysis and the water framework directive, which has been transposed into UK legislation, includes the concept of disproportionate cost. The increase in predicted costs of running mine water schemes means that a number of schemes will not pass cost/benefit analysis and may not be built. The build and operating costs of 28 schemes, amounting to £0.2 billion, have been removed from the provisions forecast.

In line with accounting practice we adjust our cash-flows to reflect the time value of money based on assumptions and discount rates provided by HM Treasury. These rates have changed significantly during the year. This has had the effect of reducing the provision by £2.3 billion (being the difference between the £2.4 billion discounting effect at 2017-18 less the £0.1 billion discounting effect at 2018-19).

Cash flow

There was a net decrease in cash during the year of £3.8 million (2017-18: net decrease of £4.6 million). The constituent parts of this movement were:

- the receipt of £28.5 million grant in aid from BEIS (2017-18: £30.0 million)
- a net cash outflow from operating activities of £26.1 million (2017-18: £28.3 million). The decrease in cash outflow compared to previous year is a result of increased expenditure in 2017-18 on exceptional public safety claims, and is offset by increased salary costs (explained later)
- a net cash outflow from investing activities of £6.2 million (2017-18: £6.3 million. This relates to the purchase of property, plant and equipment as part of our ongoing programme to develop and build mine water treatment schemes and subsidence pumping stations. This increased investment of £8.8 million (2018: £6.2 million) is partly offset by £3.1 million of 'clawback' receipts (2017-18: £1.1 million) from the sale of properties previously owned by the Coal Authority or its antecedents

At 31 March 2019 we held £6.0 million cash (2018: £9.8 million). This includes £4.9 million (2018: £7.9 million) of ring fenced funds in respect of security called in from mining operators that have been liquidated. The movement in called in security is used to discharge these industry claim liabilities as part of our operating activities.

Statement of comprehensive net expenditure

Net income for the year to 31 March 2019 was £2,003.5 million as compared to net expenditure of £1,536.6 million in 2017-18. The main reason for this was the decrease in provision levels as explained previously. Excluding provisions movement, comprehensive net expenditure for the year was £7.6 million (2017-18: £8.6 million).

Other significant items in the year included:

- a £3.7 million increase in operating income to £22.6 million (2017-18: £18.9 million). This is due to the increase in revenue from contracts with customers, as outlined previously and an increase in clawback proceeds from previously owned properties sold (£3.1 million compared to £1.1 million in 2017-18)

- staff costs of £14.1 million increased by £1.6 million compared to the previous year (2017-18: £12.5 million). This was due to planned growth in workforce in order to support our strategy of creating a sustainable organisation and delivering increasing by-product and advisory service income to deliver for BEIS as efficiently as possible
- purchase of goods and services (not including costs previously provided) remained broadly flat at £8.3 million (2017-18: £8.6 million)
- depreciation, revaluation and impairment charges of £7.8 million rose from £6.4 million in 2017-18 due to impairments resulting from a review of mine water treatment schemes and the assets underpinning our subsidence pumping stations

More information is available in notes 3 and 4 to the accounts.

Statement of financial position

Net liabilities at £2,289.5 million reduced against 2017-18 (£4,321.5 million), mainly because of the change in discount rates provided by HM Treasury, for provisions against future liabilities. These provisions now stand at £2,297.0 million compared to 2017-18's £4,326.0 million as explained earlier in this review.

Other significant balances/movements include:

- property, plant and equipment of £14.2 million (2017-18: £11.6 million) include assets under construction of £5.2 million (2017-18: £2.5 million) representing a change in the level of mine water treatment scheme construction at this period year on year. Intangible assets remain broadly in line with 2017-18 at £2.4 million (2017-18: £2.6 million)
- cash and cash equivalents stand at £6.0 million (2017-18: £9.8 million): see the section above on cash flows for details on the movements
- trade and other payables at £19.4 million have fallen by £4.1 million (2017-18: £23.5 million) driven mainly by the discharge of liabilities relating to industry claims

Going concern

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

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

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

Our people

Our people are at the core of all that we do in delivering for our customers and with our partners.

People plan

Following discussion and engagement our people plan was launched in October 2018 and is focused on greater empowerment and inclusivity for all. It outlines how we can create a sustainable highly skilled, diverse and motivated workforce that will enable us to deliver our business.

Engagement

As part of discussions, our staff asked for an engagement group to give them a stronger voice across the organisation. Our newly formed Staff Engagement Group was set up in October 2018 and has been helping to drive forward important projects such as the design of our office refurbishment, wellbeing initiatives and 25 year celebration plans.

Equality, diversity and inclusion (EDI)

Our EDI action plan benchmarks us across diversity strands and shows the action we will take to become more diverse and inclusive. This year we've focused particularly on gender, taking part in various activities and training and also setting up various network groups.

The action plan balances corporate leadership in areas such as EDI and unconscious bias training, recruitment policy and tackling the gender pay gap with empowering colleagues and enabling everyone to have a voice.

Colleague led networks have developed and include our women’s network (with a specific 'women in science, technology, engineering and mathematics (STEM)' branch – see case study), our lesbian, gay, bisexual and transgender+ rainbow network, a vegan and vegetarian group and a men’s network. We've also run several faith and black, Asian and minority ethnic inclusive events, including interfaith weeks on Sikhism and Advent and promotion of religious festivals such as Ramadan and Eid al-Fitr. We will build on this in the year ahead.

Our gender pay gap is a particular area of focus and we're committed to reducing it. Created from a largely male coal industry we've made progress but are not complacent and have clear plans to improve. You can read more in our gender pay gap report at www.gov.uk/coalauthority.

Wellbeing

We've made good progress against our health and wellbeing plan. All staff have attended awareness training facilitated by Mental Health First Aid England. This has helped them to gain a better understanding of what mental health is and how we can help ourselves and others in managing it. We've 16 trained mental health first aiders across the organisation and all managers have received formal training.

We're a Campaign Against Living Miserably company and have run a number of events to raise awareness and challenge the stigma of mental health.

Our wellbeing group has facilitated a range of activities and events from lunchtime walks, massages and tips to improve sleep to creating our new wellbeing gardens group transforming previously unused verges into a productive allotment.

Learning and development

To support our learning and development commitments we've established a dedicated team who will deliver development and skills for all alongside a dedicated leadership development programme and a focus on apprenticeship opportunities.

Values

A review of our mission, purpose and values saw excellent engagement levels from colleagues with workshops held to understand how we engage and identify with our mission, purpose and values. This has provided great insight and has been driven and developed by all. See page 5.

CASE STUDY

Women in STEM

Diversity and inclusion is a key focus for us at the Coal Authority and is at the heart of our people plan. Gender balance is a particular area of focus and we're committed to reducing our gender pay gap which, as we were originally populated by individuals from the largely male coal industry, has been particularly challenging for us. We're pleased to have seen an increase in the number of women joining us in more senior roles this year, including the appointment of our first female chief executive.

We've taken a number of practical steps this year including making changes to our recruitment approaches and investing in and supporting the great women already in our organisation with tailored development opportunities, role model talks and enabling a new women's network and women in science, technology, engineering and mathematics (STEM) group.

The women in STEM group already has 30 members and their aims are:

- to support each other in their careers and development
- to link and network with other STEM organisations and groups
- to undertake outreach to schools and universities

To date the group has held a speed networking session where they got to know each other in a fun, informal environment away from their desks. They are making connections with other groups with similar aims and worked with the learning and development team to agree an outreach strategy.

They recently held an outreach session in conjunction with an engineering firm supporting a local academy work experience programme where students learnt to build marshmallow and spaghetti headstocks and experimented with rust. This raised awareness of the Coal Authority and the work we do in their local community, provided development for the team and support for the promising STEM women of the next generation.

We're not complacent. Our gender pay gap is far too large and we want to see significant and sustained improvement in it – and across the spectrum of diversity and inclusion. To achieve this we need to work harder, learn from others and listen to staff, customers and partners. You can read more in our first gender pay gap report at www.gov.uk/coalauthority.

Health, safety and wellbeing

We put people's health, safety and wellbeing at the heart of what we do.

Our core aims for health, safety and wellbeing (HS&W) are to:

- ensure that all those working on behalf of the Coal Authority go home safe and well
- effectively manage risks to the public from the legacy of coal mining for which we're responsible

Our health, safety and wellbeing performance remains good, and our last safety climate survey returned extremely positive results. The survey did highlight the need for us to talk more about safety, which we've done with our supply chain as well as introducing health, safety and wellbeing discussions at the start of our larger internal meetings. It's great to see that our education and awareness drive across the workforce has raised awareness of the need to report potentially unsafe acts. This shows we're developing a culture that will help stop accidents before they occur.

Measure	2018-19	2017-18
HS&W observations - unsafe acts (staff and contractors)	3,226	2,391
HS&W observations - good practice examples	147	109
HS&W inspections	379	215
Accidents - no time lost	3	5
Accidents - lost time	0	1
Incidents - Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)	0	1

Our focus for 2019-20 is to:

- develop a long term health and safety plan to complement the people and wellbeing plans
- carry out a further safety climate survey to help us better understand our safety culture and identify where we can continue to improve
- identify a web based system to help us more effectively manage the data we collect to improve outcomes and develop an implementation plan
- continue to raise awareness of mental health and implement initiatives aimed at improving wellbeing

Sustainability and the environment

We want to make sure we not only protect the environment from the effects of historic mining but also protect the public, enhance the environment and encourage biodiversity through our work.

Our sustainability plan (www.gov.uk/coalauthority) sets out ambitious goals for the next 5 years to help us play our part in tackling global sustainability issues. It sits within a wider context of the UN Sustainable Development Goals, UK Industrial Strategy, Clean Growth Strategy, and 25 year Environment Plan. We've worked hard to make the plan simple to follow to send a clear message to all of our staff and external stakeholders on what sustainability means for us and core objectives. It also closely aligns with our existing 5 year business plan and complements our people plan.

Review of performance

We're pleased with the improvements we've made this year and continue to look for innovative ways to do even better. The biggest improvements this year (greenhouse emissions and carbon reduction) have been due to our solar electricity generation, the diversion of waste from landfill and significant composting of plant waste from our reed beds.

Sustainability drivers	2018-19	2017-18
Greenhouse gas emissions (tonnes)	3,001	8,375
Carbon emissions from mine water operations CO2e (tonnes)	4,435	7,779
Carbon emissions from head office CO2e (tonnes)	322	412
Carbon intensity - business travel (tCO2e/100,000km)	14.2	14.5
Water usage m3	1,199	1,242

We continue to encourage staff to use public transport for business travel or to eliminate it entirely by use of teleconferencing and other technology.

We remain committed to meeting the government target of 33% spend with small and medium enterprises (SME's) by 2022. In 2018-19 our SME spend was 25.6%. We continue to develop our procurement and other processes to offer opportunities to smaller businesses.

CASE STUDY

Solar installation

The use of solar power on our mine water treatment schemes is part of our aim to significantly reduce the operational cost of treatment schemes through innovation, research and development. To date we've saved £79,000 and 311 tonnes of carbon.

Of our 75 treatment schemes, 45 of them across the country need some form of pumping to manage rising mine water levels. The consequence of this is an annual electricity cost in excess of £3 million. Because of the cost and how this affects our footprint, we've started to install solar panels on some of our sites. So far we've 8 solar installations including the latest one at a treatment scheme in Northumberland which went live on 1 March this year.

We installed 2,112 solar panels at this scheme which have the capacity to produce 550,000 kwh of electricity a year. This is the largest installation to date and is performing above its expected modelling capacity.

The installation took 4 months to build and will make significant inroads into the £63,000 a year electricity cost of keeping the pumps at this scheme working 24 hours per day as a result of high water levels as well as tidal pressures at the coastal location.

As well as reducing electricity costs by £22,000 each year the scheme will provide additional income of £26,000 a year for generating and exporting excess power to the grid.

Social responsibility

Access to information and complaints

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

A total of 73 requests (FOIA, EIR and Subject Access Requests) were received during the year, all of which were answered within the required deadlines, therefore meeting the standards set by the Information Commissioner's Office. No requests went to appeal.

We received 19 letters from Members of Parliament, 2 from Members of the Scottish Parliament and 3 from Welsh Assembly Members with concerns on coal mining legacy issues.

We also received 23 complaints from members of the public and other stakeholders. They were all dealt with under our complaints procedure and all were resolved by our staff at varying levels within our procedure with none being referred to the Ombudsman. Our complaints procedure is published on our website www.gov.uk/coalauthority.

We've continued to monitor, review and evaluate our responses and actions to information requests, letters from elected representatives, and complaints with the aim of improving customer service by meeting the expectations of government and customers.

Anti-bribery, anti-corruption and whistleblowing

We're committed to adherence to our policies for both anti-fraud, which incorporates bribery and corruption, and whistleblowing. Each policy provides clear guidance to staff and all are communicated as part of induction. Both policies are reviewed on an annual basis for relevance and clarity, before being re-briefed to all staff and published on our intranet.

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

Social, community and human rights policies

We do not have specific social, community or human rights policies, but always aim to work to the highest principles in these areas.

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

Lisa Pinney MBE
Chief Executive and Accounting Officer

13 June 2019

Accountability report 2018-19

Accountability report

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

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

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

1. **Corporate governance report**, dealing with the Coal Authority's governance structures and how they support the achievement of the Coal Authority's objectives.
2. **Remuneration and staff report**, which contains information about senior managers' remuneration and other staff related disclosures required by the Companies Act and other governmental sources.
3. **Parliamentary accountability and audit report**, which comprises additional disclosures required by Parliament, is a view on such matters as regularity of expenditure, fees and charges and long term expenditure trends. It includes the audit certificate and report.

Corporate governance report

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

1. **Directors' report**, which covers a variety of statutory disclosures not outlined elsewhere in the annual report and accounts.
2. **Statement of accounting officer's responsibilities**, which sets out clearly the responsibilities assumed with respect to the annual report and accounts by the nominated accounting officer, and the legislative basis for them.
3. **Governance statement**, which explains the composition and organisation of the Coal Authority's board and governance structures and how they support the achievement of the Coal Authority's objectives.

Directors' report

The Coal Authority presents its report and audited financial statements for the year ended 31 March 2019. The accounts have been prepared in a form directed by the Secretary of State with the consent of HM Treasury in accordance with paragraph 15(1)(b) of Schedule 1 of the Coal Industry Act 1994 ("the Act"). The accounting officer authorised these financial statements for issue on the date of certification by the Comptroller and Auditor General.

Functions, duties and powers of the Coal Authority

We were established by the Act and became a legal entity on 19 September 1994. We assumed our functions on 31 October 1994. These functions are set out at www.gov.uk/coalauthority and relate to the coal industry and the management of interests inherited from the British Coal Corporation, licensing of coal mining operations, dealing with coal mining subsidence and providing information.

Review of operations

The chief executive's report on pages 10 to 11 gives a summary of our activities during the year and the future outlook.

Finance risk management

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

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

We hold some items on the Statement of Financial Position that are discounted using rates specified by HM Treasury, specifically provisions. HM Treasury vary these discount rates from time to time, which will affect both the Statement of Financial Position and the Statement of Comprehensive Net Expenditure. Please refer to note 12 to the accounts.

Future developments

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

Research and development activities

We undertake a range of research and development activities to improve efficiency and deliver world class solutions that provide best value for money. Our research and development activities include mineshaft and mine entry monitoring, coal and metal mine water treatment methodologies and technologies.

Post balance sheet events

We've no post balance sheet events requiring disclosure.

Branches outside the UK

We've no branches outside the UK.

Donations

We made no political or charitable donations during the year.

Employee involvement

We’re committed to engaging with staff throughout the business as outlined in 'Our people' on pages 26 to 27.

Employment

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

We seek to attract and retain high calibre employees. Opportunities for training are given high priority to ensure that all staff can contribute to their own career development. The sickness absence rate for the year was 9.3 days as against 6.5 days for 2017-18. This is due to an increase in long term sickness absence during 2018-19, which we're actively managing.

Pensions and other post retirement benefits

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

Personal data

There was a single data related incident reported to the ICO during the year. Please refer to section 4.2 of the governance statement for further details.

Long term expenditure trends

Long term expenditure trends are reviewed by the directors as part of the annual review of provisions. Please see note 12 to the accounts.

Contingent liabilities

Contingent liabilities are reviewed on an ongoing basis by the directors. Please refer to note 16 to the accounts.

Auditors

The Comptroller and Auditor General was appointed under the Coal Industry Act 1994 and reports to Parliament on the audit examination. The audit fee was £45,000. The external auditors were also appointed by the Coal Authority to perform an independent review of a grant application, for which they received a further fee of £5,500.

So far as the accounting officer is aware, there is no relevant audit information of which the auditors are unaware.

The accounting officer has taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Board of directors

Stephen Dingle
Non-Executive Director

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

Gemma Pearce
Non-Executive Director

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

Jayne Scott
Non-Executive Director (from 1 April 2019)

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

Steve Wilson
Non-Executive Director

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

Bob Spedding
Non-Executive Director (until 31 March 2019)

- appointed as Board Director from 1 April 2013 to 31 March 2016
- reappointed as Board Director to 31 March 2019

Board and their interests

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

There were no related party transactions in respect of board members in 2018-19.

Lisa Pinney MBE
Chief Executive (from 1 June 2018)

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

Paul Frammingham
Chief Finance and Information Officer

- attended the board from 6 May 2008 to 31 March 2011
- appointed as Board Director from 1 April 2011 to 31 March 2014
- reappointed as Board Director every 3 years between 1 April 2014 and 31 March 2020

Lisa Stanger
Strategy and Performance Director

- attended the board from 1 August 2011 to 31 March 2017
- appointed as Board Director from 1 April 2017 to 31 March 2020

Philip Lawrence
Chief Executive (until 31 May 2018)

- appointed as Board Director from 9 November 2006 to 31 March 2008
- reappointed every 3 years between 31 March 2011 and 31 May 2018
- appointed as Chief Executive from 1 January 2007

Simon Reed
Chief Operating Officer (until 8 August 2018)

- attended the board from 1 January 2010 to 31 March 2011
- appointed as Board Director from 1 April 2011 to 31 March 2014
- reappointed as Board Director every 3 years between 1 April 2014 and 31 March 2020

Statement of the accounting officer's responsibilities

Under paragraph 15(1)(b) of Schedule 1 to the Coal Industry Act 1994 the Secretary of State, with the consent of HM Treasury, has directed the Coal Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Coal Authority and of its net expenditure, financial position, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the government's Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The accounting officer for the Department for Business, Energy and Industrial Strategy (BEIS) has designated the chief executive as accounting officer of the Coal Authority. The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding the Coal Authority's assets, are set out in Managing Public Money published by HM Treasury.

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

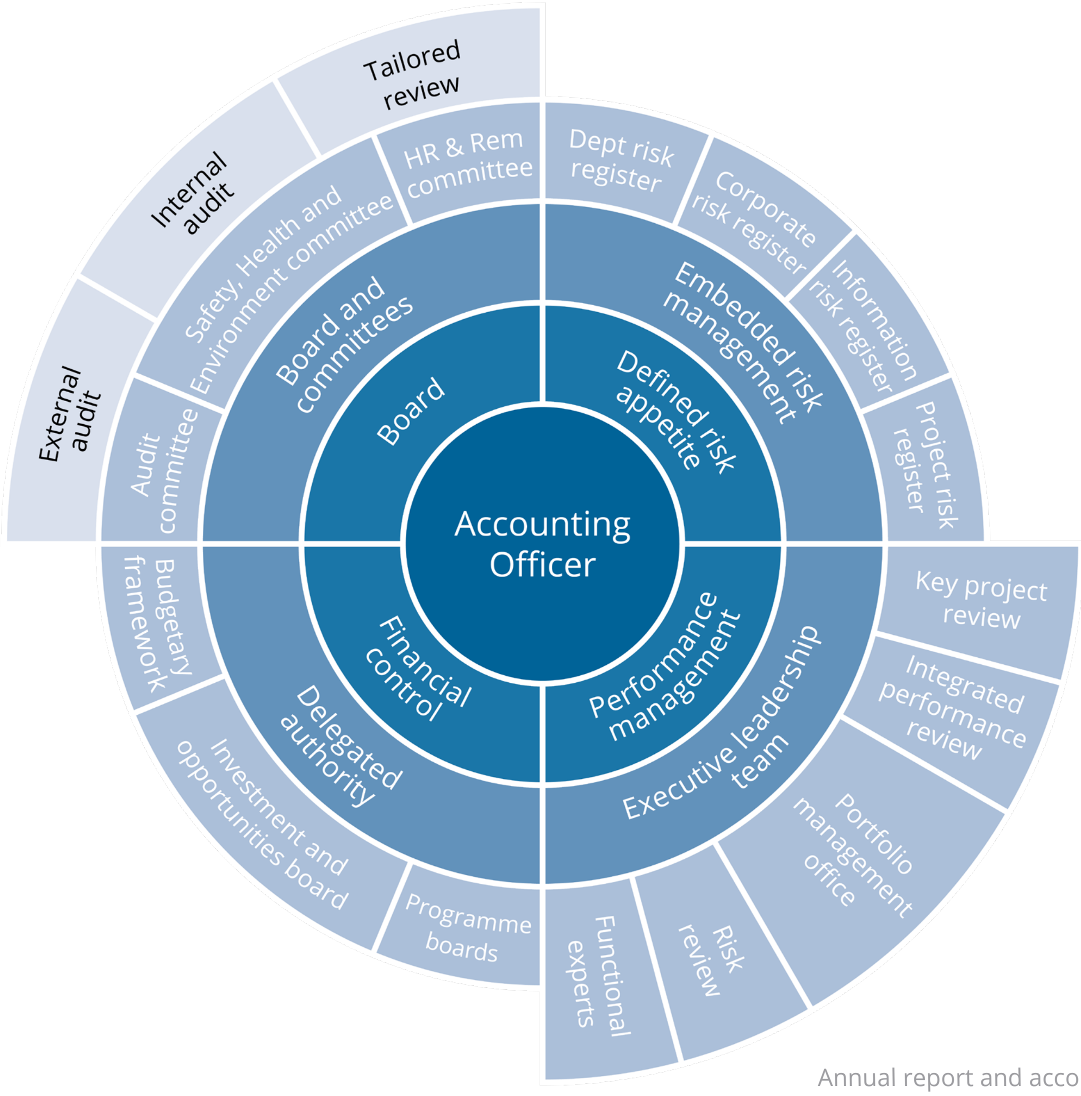
Governance statement

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

The Coal Authority's governance framework

We're committed to high standards of corporate governance. We work within a framework document that is reviewed and agreed annually with the Department for Business, Energy and Industrial Strategy (BEIS). This sets out the purpose of the Coal Authority, the core elements of the relationship with BEIS, and the framework within which we will operate.

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



1. The board and its committees

1.1 Board of directors

As at 31 March 2019 we had 7 directors (3 executive and 4 non-executive). Non-executive directors are recruited and appointed to the board by the Secretary of State for BEIS. Executive directors are recruited to their posts by the board and appointed to the board by the Secretary of State for BEIS. The board sets and communicates strategic intent and direction, makes strategic decisions that cannot be delegated and monitors and challenges corporate business performance.

Membership and attendance of the board and its committees is shown below:

		Position	Number of meetings (held) and attended			
			Board (7)	Audit (4)	HR and Remuneration (4)	SHE (3)
Non-Executive Directors	Stephen Dingle	Chair of Board	7	-	4	-
Non-Executive Directors	Gemma Pearce	Chair of HR and Remuneration committee	7	3	4	-
Non-Executive Directors	Steve Wilson	Chair of SHE committee	7	4	4	3
Non-Executive Directors	Bob Spedding	Chair of Audit committee	7	4	4	-
Executive Directors	Lisa Pinney MBE (1)	Chief Executive	6 [6]	4	4	2 [2]
Executive Directors	Paul Frammingham	Chief Finance and Information Officer	7	4	1	-
Executive Directors	Lisa Stanger	Strategy and Performance Director	6	-	2	-
Executive Directors	Philip Lawrence (2)	Chief Executive	1 [1]	-	-	1 [1]
Executive Directors	Simon Reed (3)	Chief Operating Officer	3 [3]	-	-	1 [1]

Bracketed [ ] figures denote the number of meetings held whilst the board member was in post.

(1) Lisa Pinney MBE took up her role as Chief Executive and board member on 1 June 2018
(2) Philip Lawrence resigned as Chief Executive and board member on 31 May 2018
(3) Simon Reed resigned as Chief Operating Officer and board member on 8 August 2018

The commercial director, operations director and head of legal and governance attend the board by invitation. Other senior managers attend the board in order to present papers and join strategic discussions.

The appointment of a new non-executive director to replace Bob Spedding, was led by the Chair, Stephen Dingle. The successful candidate, Jayne Scott, took up her position as a Non-Executive Director on 1 April 2019, and chairs the Audit committee following Bob Spedding's term of office ending on 31 March 2019. Jayne attended board and audit meetings in January 2019 and March 2019, and the HR and Remuneration committee in March 2019, as well as the board strategy day in December 2018.

Board meetings continue to be open to members of the public and media, with the exception of discussion of items of commercial confidentiality. The agendas and dates of its meetings can be found on www.gov.uk/coalauthority.

1.2 Board performance

Compliance with the corporate governance code

We comply with the Corporate Governance Code in Central Government Departments and government guidance in so far as is relevant and practical for an arm's length body of our size and complexity. In line with our BEIS Framework Document:

- the board monitors the Coal Authority's performance in an effective manner including playing an active role in managing stakeholder relationships
- the board constructively challenges and helps to develop strategy, supported by the effective leadership of the chair who oversees a high standard of discussion and debate at meetings
- to support its decision making the board receives accurate, timely and clear information which is concise and fit for purpose including frequent updates on the Coal Authority's financial position, forecasts and achievements against corporate objectives
- the board ensures that a balanced and reasonable assessment of performance is reported to BEIS and regularly debates the main risks facing the Coal Authority. Through its audit committee the board maintains sound risk management and internal control systems
- the board annually reviews the Coal Authority's governance arrangements including the terms of reference for its sub committees
- the board has an appropriate balance of skills and experience to enable it to discharge its responsibilities effectively
- the HR and Remuneration committee agrees executive remuneration within the guidelines set by HM Treasury and BEIS. Non-executive remuneration is set by BEIS and reviewed annually

Board performance and effectiveness review

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

The board undertakes regular development sessions outside of formal board meetings to reflect on key aspects of its work. Board members regularly visit sites to see the Coal Authority's work first hand and in July 2018 the board visited a number of mine water treatment works in Cumbria. In December 2018 the board convened a strategy day to review progress against its business plan.

It reviewed the organisation's strategic priorities in the context of risk appetite ahead of detailed business planning work and the next spending review.

The board last undertook an externally facilitated board evaluation session during November 2017. The board considers that it has substantively achieved its objectives and has continued to operate effectively during 2018-19. The board sees value in regular reviews of performance and intends to undertake a further session during 2019-20.

1.3 Board committees

The board is supported by its committees as outlined below:

Audit committee

The Coal Authority's audit committee members comprise all the non-executive directors other than the chair of the board. The chief executive, the chief finance and information officer and the head of finance attend meetings by invitation. During 2018-19 the audit committee was chaired by Bob Spedding. As Bob Spedding's term of appointment ended on 31 March 2019, Jayne Scott, the newly appointed non-executive director, attended the committee in January and March to ensure a smooth handover. Jayne has recent and relevant financial experience.

The committee ensures that we operate effective and integrated risk management and control systems to ensure the overall level of assurance is adequate. It reviews external audit strategy and outcomes, recommends the approval of the annual report and accounts, and oversees the internal audit function provided by the Government Internal Audit Agency (GIAA). The committee met 4 times during the year.

During the year the audit committee has:

- reviewed policies that are key to our control framework, including our whistleblowing and anti-fraud policies, to ensure that they are fit for purpose and effective
- reviewed the processes for risk management and application of risk appetite, as part of our integrated planning work
- continued to focus on financial reporting risk. This included reviewing changes to the Coal Authority's regulatory framework (the government's Financial Reporting Manual, FReM and the International Financial Reporting Standards, IFRS). The review concluded that there would be no material impact of changes in the year 2018-19
- reviewed our accounting policies, including review of significant judgements made in preparing the accounts and assumptions underlying our provisions balance
- in respect of the financial statements reviewed the overall position regarding the provision for legacy obligations which has decreased significantly as a result of changes in HM Treasury discount rates. See the financial review in the performance report and note 12 to the accounts
- assessed the overall control environment for reporting to the board and accounting officer
- reviewed other internal audit work undertaken by GIAA including:
    - key HR and finance controls
    - General Data Protection Regulation (GDPR) compliance – to provide assurance that the Coal Authority's preparations were in line with the legislative requirements
    - effectiveness of Business and Operational Support Systems controls following implementation of new systems

- user feedback in respect of roll out of new project accounting functionality
- a review of public safety and subsidence (PSS) projects operating procedures

The internal audit opinion has risen to offer management a 'substantial' level of assurance over the adequacy and effectiveness of the framework of governance, risk management and internal controls of the organisation. This follows a series of strong internal audit reviews during the year.

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

The Human Resources (HR) and Remuneration committee

Membership of the HR and Remuneration committee comprises the 4 non-executive directors and the chief executive. This committee is chaired by Gemma Pearce. The strategy and performance director, the head of HR and organisational development and the senior HR business partner attend meetings by invitation. During 2018-19 the HR and Remuneration committee opened the invitation to all executive directors to attend meetings.

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

During the year the committee has:

- provided support and challenge in the launch of an integrated people plan for the Coal Authority, launched in October 2018
- commented on the Coal Authority's learning and development strategy, a key element of the new people plan
- reviewed and advised on the Coal Authority's pay and reward system to ensure it meets Civil Service pay guidance
- reviewed workforce and gender pay gap data, and discussed the interventions being implemented which will support a more sustainable skill mix and diverse workforce
- reviewed and supported progress on work to promote the equality, diversity and inclusion agenda within the Coal Authority

Safety, Health and Environment (SHE) committee

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

Its main responsibilities are to lead the Coal Authority's SHE and sustainability strategy, ensure a positive health and safety culture is embedded throughout the organisation and advise the board on SHE matters to support the business plan. This year the committee has taken on the oversight of the Coal Authority's work on employee wellbeing.

The committee has met 3 times during the year and has:

- supported the development of the Coal Authority's sustainability strategy
- reviewed the outputs of the safety climate survey and action plan
- commented on the new mental health and wellbeing strategy and action plan
- reviewed the Coal Authority's strategic approach to mine gas

2. Performance management - executive leadership team

Following the appointment of Lisa Pinney MBE as Chief Executive in June 2018 and the resignation of Simon Reed, Chief Operating Officer in August 2018, Executive team member responsibilities have been reviewed. A new commercial directorate (including activities formerly reporting to the Chief Operating Officer) has been set up to ensure appropriate focus is given to our commercial and innovation activities. The executive leadership team (ELT) now comprises the chief finance and information officer, the strategy and performance director, the operations director and the commercial director, who all report directly to the chief executive. Each of the executive leadership team are responsible for the leadership and delivery of their directorate, but are also collectively responsible for the leadership and delivery across the organisation.

In 2018-19 the remit of the legal team has been expanded to take on the responsibility for governance arrangements across the Coal Authority. The head of the legal and governance team now reports directly to the chief executive.

The Coal Authority's executive leadership team meets formally twice a month. One meeting focuses on regular business matters and one meeting has a strategic focus. For these meetings the executive team is joined by the head of legal and governance (who has a standing invitation) and 2 heads of department who attend meetings as a development opportunity on a 6 monthly rota.

These meetings have a formalised rolling agenda which considers all aspects of the organisation's work. In addition the meeting considers the chief executive's monthly update report which provides a high level oversight of how the business is performing as a whole. This report includes:

- updates from each directorate
- a review of progress against the Coal Authority's balanced scorecard
- a financial summary report
- a review of movements against the Coal Authority's corporate risks

3. Financial control

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

Matters reserved for the board are clearly set out in the Framework of Strategic Control with further detailed guidance in respect of policies, procedures and delegated authority levels published and available to staff. Work is ongoing to simplify and clarify some of our documentation and processes as explained below at section 4.3.

Improvements have been made to financial controls by embedding them within our new project accounting and procurement systems which went live during 2017-18. These improvements are part of our Business and Operational Support Systems (BOSS) programme which has been essential in ensuring that our control environment has developed in line with our changing organisation. During 2018-19 further advancements in these systems and associated business processes were made to improve functionality and useability. Internal audit have reviewed the design and operation of the systems and are satisfied that the new systems are working effectively.

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

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

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

4. Risk Management

4.1 Embedded risk management and culture

Risks are discussed and managed through the organisation on a real time basis. Examples of this include:

- board focus on strategy and associated risk appetite
- ongoing interaction between our managers and board members that promotes an understanding of risk
- a risk register that is current, subject to quarterly management sign off, and subject to periodic audit committee, ELT and business team review
- the ELT's continued focus on strategic issues and key risks around the culture, capacity and competence of our organisation
- the investment and opportunities board as outlined above

4.2 Information assurance and cyber security

We've continued to operate under our information risk management policy during the year.

We had one breach of policy during the year that was reportable to the Information Commissioner's Office (ICO). The ICO reviewed the case and took no further action. Appropriate action was taken by the Coal Authority including a full review of the events and a lessons learned exercise to prevent re-occurrence.

Other than this event, we're not aware of any major breaches of security or policy or loss of personal protected information during the year.

The Coal Authority does not hold top secret or secret information and the inherent information risk posed to government through the Coal Authority is relatively low.

We've an appropriate risk assessment, information risk management policy and an information asset register. Our people are trained annually in information handling.

The senior information risk owner (the chief finance and information officer) is a board member and ensures that proportionate controls are implemented to manage information risk in line with the board's risk appetite.

We've undertaken work to ensure compliance with EU General Data Protection Regulations and Data Protection Act 2018. Our work in this area was reviewed by internal audit and received a substantial assurance rating. We continue to work within this area to improve staff's understanding of the matter.

4.3 Changing control environment

We will continue to evolve our control framework so that it remains effective, proportionate and current.

In 2018-19 we embarked on a review of our corporate governance processes to ensure that they are transparent, simplified and fit for purpose. As outlined earlier in this statement there has also been continual improvement in key financial processes and systems. These improvements will provide an efficient control framework appropriate for a more diverse, customer focused organisation.

The Coal Authority is developing its portfolio, programme and project office structure. This will improve our ability to prioritise and plan the broad range of projects and activities we undertake each year. It will provide a more dynamic view of cumulative risk across the organisation and additional management information to provide assurance to the ELT and board.

4.4 Risk assessment and risk appetite

The key risks that we will need to manage to deliver our plans are:

- **public safety risk** - despite Coal Authority controls, a significant surface hazard caused by past coal mining or incident at a Coal Authority legacy site causes serious injury or fatality
- **recruitment and retention** - main office location and low awareness of our purpose inhibits recruitment of talent and key skills impacting our ability to create a sustainable and diverse workforce
- **disruptors in the information market** - limited resource and focus on core duties means failure to develop new products / services in the face of potential disruptors to the information market, leading to missed opportunity to create value from our information and data
- **markets** - due to external funding pressures and uncertainty, opportunities to provide advisory services to government organisations develop more slowly leading to lost financial contribution and missed opportunity to create value from mining legacy
- **innovation** - due to funding constraints and the inherent risk in innovation, progress to develop new technology, processes and products may take longer than planned leading to delay in cost savings and value creation
- **financial support** - sustained pressure on mine water treatment costs and the reactive nature of our public safety work leads to a short term funding gap causing us to slow or stop key strategic programmes
- **exit from EU** - uncertainty in respect of timing and nature of exit from the EU may lead to impact on funding and policy for ourselves and our partners. An un-managed exit may lead to disruption

We continue to manage these risks closely. Further explanation of the risks and control measures is given in the performance report.

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

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

During the year the board reviewed and confirmed its risk appetite at its December 2018 strategy day. A further review of the board's risk appetite is planned for quarter 2 of 2019-20.

5. Alexander tax review

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

6. MacPherson review of quality assurance

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

7. Tailored review

In 2017, the Coal Authority became one of the first arm's length bodies to participate in a Cabinet Office tailored review. The review concluded that:

- there were 'clear and persuasive reasons why the functions performed by the Coal Authority should continue to be delivered'
- the Coal Authority 'is committed to high standards of corporate governance and has an established governance framework supported by an appropriate organisational structure'
- the Coal Authority as a centre of expertise has the potential to provide value to many areas across government

The review made a small number of recommendations and the Coal Authority has made good progress against all of these. The report and our progress can be found on our website: www.gov.uk/coalauthority.

8. Effectiveness of control environment

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

The system of internal control has been in place in the Coal Authority for the year ended 31 March 2019 and, as illustrated, up to the date of approval of the annual report and accounts, in accordance with HM Treasury guidance.

Based on all of the elements of the Coal Authority governance framework illustrated in the diagram on page 43, I am satisfied that the Coal Authority's governance, risk management and internal control arrangements continue to be proportionate, fit for purpose and working as intended.

Remuneration and staff report

Introduction

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

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

- Non-executive directors' remuneration
- Executive directors' remuneration
- Executive directors' pension entitlements
- Average numbers of persons employed
- Staff and related costs
- Reporting of civil service and other compensation schemes
- Pay multiples

The HR and Remuneration committee

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

Remuneration policy for the executive directors

Executive directors' remuneration follows Senior Civil Service Guidance. The HR and Remuneration committee reviews and makes recommendations about the remuneration of the executive directors including the chief executive, which is formally determined by BEIS. The committee followed Senior Civil Service Guidance and awarded an average 1% increase in executive directors' salaries from 1 April 2018.

Performance development reviews (PDR)

The executive directors participate in our PDR. Individual assessments are made by the chief executive and chair and reviewed by the HR and Remuneration committee. Appraisal of individual performance is based on the achievement of defined objectives and behaviours which are assessed against 4 performance scores.

Performance related pay (PRP)

PRP is non-contractual and non-pensionable and is subject to obtaining annual approval via the pay remit process from BEIS. The pay remit for 2018-19 was approved by BEIS in November 2018.

PRP is earned based on a corporate award, reflecting corporate and individual performance against objectives. Corporate performance for 2018-19 has been assessed by the board at 95% and payment of PRP for the year has been adjusted accordingly.

The Trade Union (Facility Time Publication requirements)

Under the above regulations the Coal Authority is required to provide details of Trade Union Time. For 2018-19, there is no activity to report.

Executive directors' contracts

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

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

	Date of continuous service	Notice entitlement
Lisa Pinney MBE (2)	1 June 2018	6 months
Paul Frammingham	6 May 2008	6 months
Lisa Stanger	1 April 2010	6 months
Philip Lawrence (Chief Executive) (1)	2 May 2006	6 months
Simon Reed (1)	31October 1994	6 months

(1) Philip Lawrence and Simon Reed left their posts on 31 May 2018 and 8 August 2018 respectively.
(2) Lisa Pinney MBE assumed the post of Chief Executive on 1 June 2018

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

Non-executive directors' remuneration

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

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

	Contract end date	2018-19 £	2017-18 £
Stephen Dingle	31 March 2020	27,050	27,050
Bob Spedding	31 March 2019	11,666	11,666
Gemma Pearce	31 March 2022	11,666	11,666
Steve Wilson	31 March 2020	11,666	11,666
Jayne Scott (1)	31 March 2022	2,917	-

(1) The remuneration shown is for 3 months only. Jayne attended various senior meetings and committees in an advisory capacity prior to her formal appointment to the board on 1 April 2019

Executive directors' remuneration

	Salary £000		Allowance £000		PRP £000		Pension benefits £000		Total £000	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Lisa Pinney MBE (1)	110-115	-	5-10	-	0-5	-	45	-	170-175	-
Paul Frammingham	90-95	85-90	10-15	15-20	5-10	5-10	37	34	150-155	145-150
Lisa Stanger	80-85	80-85	10-15	5-10	5-10	0-5	34	33	135-140	125-130
Philip Lawrence (2,3)	20-25	125-130	0-5	5-10	-	15-20	29	58	50-55	210-215
Simon Reed (2)	30-35	85-90	0-5	10-15	-	0-5	2	8	35-40	110-115

(1) Lisa Pinney MBE assumed the post of Chief Executive on 1 June 2018. The full year equivalent of her "Salary" banding would have been £130,000-£135,000. Lisa received a one-off relocation allowance within the £5,000-£10,000 band in the year. These 2 items, together with the PRP banding of £0-£5,000 above gives the range of £145,000 to £150,000 used in the Pay Multiple note below. Lisa's eligibility for participation in the Coal Authority's PRP scheme began at the end of a probationary period in line with Coal Authority policy.

(2) Philip Lawrence and Simon Reed left their posts on 31 May 2018 and 8 August 2018 respectively.

(3) In addition to the remuneration shown in the table, Philip Lawrence earned £7,500 in fees for services as a Non-Executive Director of Headlam Group Plc, which was paid direct to the Coal Authority. He did not retain any part of these fees.

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

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

- in 2018-19, responsibility allowances for Paul Frammingham, Lisa Stanger and a retention allowance for Simon Reed
- in 2017-18, retention allowances for Paul Frammingham and Simon Reed

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

PRP for 2018-19 includes the amount accrued during the year relating to performance in the year and any adjustments relating to differences in the amounts paid for 2017-18 compared to the amount accrued in the accounts for that year.

We also participate in a HMRC approved cycle to work scheme. Paul Frammingham has participated in this scheme in both 2018-19 and 2017-18.

No executive directors received any benefits in kind during 2018-19 or 2017-18.

Executive directors' pension entitlements

	Accrued pension at pension age at 31 March 2019 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2019 £000	CETV at 31 March 2018 £000	Real increase in CETV £000
Lisa Pinney MBE	0-5	2.5-5	27	0	18
Paul Frammingham	20-25	0-2.5	276	217	18
Lisa Stanger	10-15	0-2.5	169	127	16
Philip Lawrence	40-45	0-2.5	597	574	19
Simon Reed	25-30 plus a lump sum of 75-80	0-2.5 plus a lump sum of 0-2.5	564	556	2

Cash equivalent transfer values (CETV)

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

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

Real increase in CETV

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

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

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

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

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

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

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as '**alpha**' – are unfunded multi-employer defined benefit schemes and the Coal Authority is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/).

For 2018-19, employers' contributions of £1,963,000 were payable to the above schemes (2017-18: £1,758,000) at one of 4 rates in the range 20.0% to 24.5% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every 4 years following a full scheme valuation. The salary bands and contribution rates are set to meet the cost of the benefits accruing during the year to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Three (2017-18: 2) employees were enrolled in partnership accounts in the year and the total amount of contribution was £15,115 (2017-18: £11,939).

No persons retired early on ill health grounds in either 2018-19 or 2017-18, therefore there are no additional accrued pension liabilities in either year.

Average number of persons employed

Department:	2018-19 Staff	2018-19 Other	2018-19 Total	2017-18 Staff	2017-18 Other	2017-18 Total
Information	40	10	50	28	1	29
Public safety	46	-	46	46	1	47
Development	27	1	28	24	-	24
Environment	42	2	44	40	5	45
Information technology	31	-	31	32	3	35
Technology administration	62	3	65	52	3	55
Staff numbers	**248**	**16**	**264**	**222**	**13**	**235**

Average number of persons employed as analysed above is consistent with the Coal Authority's organisational structure for both years.

5.7 full time equivalent persons were charged to capital projects during 2018-19 (2017-18: 7.8).

Staff and related costs

Staff costs comprise:	2018-19 Staff £000	2018-19 Other £000	2018-19 Total £000	2017-18 Staff £000	2017-18 Other £000	2017-18 Total £000
Wages and salaries	9,935	-	9,935	8,632	-	8,632
Social security costs	1,041	-	1,041	933	-	933
Other pension costs	1,963	-	1,963	1,758	-	1,758
Reorganisation costs	-	-	-	-	-	-
Agency staff costs	-	1,132	1,132	-	1,138	1,138
Total staff costs	**12,939**	**1,132**	**14,071**	**10,076**	**1,138**	**12,461**

Staff composition

As at 31 March 2019	Non-executive directors	Executive leadership team	Senior managers	Staff	Total
Male	3	3	9	143	158
Female	1	2	7	88	98
Total	**4**	**5**	**16**	**231**	**256**

Disability, diversity and inclusion

We're an inclusive employer and actively welcome applications from individuals from all backgrounds. We're committed to ensuring equality of opportunity and if requested, provide adjustments for disabled candidates to enable them to attend an interview.

Our commitment to equality, diversity and inclusion standards continues and we champion the career development, career progression and retention of all our employees. We've encouraged staff in establishing a range of diversity support groups within the business to provide staff with a helpful network and to raise awareness. We continue to make reasonable adjustments for employees with a disability or impairment by providing workstation changes and adapted equipment. We encourage flexible working arrangements to make our roles as attractive as possible.

Reporting of civil service and other compensation schemes – exit packages

2018-19 (2017-18 in brackets)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<£10,000	0 (0)	0 (0)	0 (0)
£10,000 - £25,000	0 (0)	0 (0)	0 (0)
£25,000 - £50,000	0 (0)	0 (0)	0 (0)
£50,000 - £100,000	0 (0)	0 (0)	0 (0)
Total number of exit packages	**0 (0)**	**0 (0)**	**0 (0)**
Total cost - £000	**0 (0)**	**0 (0)**	**0 (0)**

During 2018-19 there were no redundancy costs (2017-18: £Nil) recognised in the Statement of Comprehensive Net Expenditure in accordance with the provisions of the Civil Service Compensation scheme, a statutory scheme made under the Superannuation Act 1972.

Reporting of high paid off-payroll appointments

Off-payroll engagements as of 31 March 2019, of more than £245 per day and that last for longer than 6 months:

	No
Existing engagements as of 31 March 2019	**1**
Of which, have existed for (at time of reporting):	
less than 1 year	0
between 1 and 2 years	1
between 2 and 3 years	0
between 3 and 4 years	0
4 or more years	0

New off-payroll engagements, or those that reached 6 months in duration, between 1 April 2018 and 31 March 2019, of more than £245 per day and that last for longer than 6 months:

	No
New engagements, or those that reached 6 months in duration between 1 April 2018 and 31 March 2019	**12**
Of which:	
number assessed as caught by IR35	-
number assessed as not caught by IR35	12
number engaged directly (via Personal Service Company contracted to department) and are on the departmental payroll	-
number of engagements reassessed for consistency/assurance purposes during the year	-
number of engagements that saw a change to IR35 status following the consistency review	-

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

The relatively high number of new engagements were information managers brought in short-term to fulfil a commercial contract which ended before the end of the year.

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019:

	No
Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility during the financial year	-
Number of individuals that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure includes both off-payroll and on-payroll engagements	12

Consultancy expenditure for the year was £nil (2017-18: £180,000).

Pay multiples

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

The banded remuneration of the highest paid director in the Coal Authority in the financial year 2018-19 was £145,000 to £150,000 (2017-18: £150,000 to £155,000). This was 3.7 times (2017-18: 3.8 times) the median remuneration of the workforce, which was £40,000 (2017-18: £39,715). A one-off relocation allowance for the highest-paid director temporarily adds 0.3 to the underlying ratio of 3.4.

In 2018-19 and 2017-18, no employee received remuneration in excess of the highest paid director. Remuneration ranged from £11,265 to £150,000 (2017-18: £11,082 to £155,000).

Total remuneration includes salary, non-consolidated performance related pay, and for the highest-paid director, a one-off relocation allowance. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions. The figures for the highest-paid director included within the pay multiple calculation are based on that director's remuneration package as at 31 March 2019 rather than the numbers included within the executive directors' remuneration note. A footnote to that table has been included to illustrate this.

Parliamentary accountability and audit report

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

The following sections are subject to audit.

Regularity of expenditure: losses, special payments and gifts

There have been no material losses, special payments and/or gifts during 2018-19.

Fees and charges

The Coal Authority complies with the cost allocation and charging requirements set out in HM Treasury's Managing Public Money and the Office of Public Sector Information guidance. The Coal Authority's most significant income streams, as outlined at notes 2 and 4.1 to the accounts, are explained below.

Commercial & Innovation operating segment includes the provision of mining reports which generated income of £11,648,000 (2017-18: £12,139,000), costs of £6,692,000 (2017-18: £7,212,000), and a surplus of £4,956,000 (2017-18: £4,927,000). Expenditure associated with specific programmes and activities is managed and reported under the operations segment, but relates to the enhancement of data and information. Mining reports services are charged at a commercial rate.

Commercial & Innovation includes the provision of advisory and technical services which generated income of £5,520,000 (2017-18: £3,702,000), costs of £5,396,000 (2017-18: £3,624,000) and a surplus of £124,000 (2017-18: £78,000). The financial objective for the provisions of advisory and technical services is either, full cost recovery including an allowance for overhead recovery when providing services across government, or commercial rates, which reflect the increased levels of risk, when providing services into competitive markets. The proportions of income are 93.7% (2017-18 94.3%) as a result of full cost recovery and 6.3% (2017-18: 5.7%) from commercial rates, demonstrating growth of commercial rate activity in line with our forecasts.

Development & Information includes the provision of licensing and permissions activities which generated income of £824,000 (2017-18: £771,000), costs of £776,000 (2017-18: £628,000) and a surplus of £48,000 (2017-18: surplus £143,000). The financial objective for the provision of licensing and permissions services is full cost recovery plus an allowance for overhead recovery.

Remote contingent liabilities

Remote contingent liabilities are not required to be disclosed under International Accounting Standard (IAS) 37, but are considered here for Parliamentary reporting and accountability purposes. The Coal Authority believes that sufficient disclosure is available in note 15 to the accounts: Contingent Liabilities and in note 12 to the accounts: Provisions to give the reader a full understanding of the liabilities it faces and may face.

Going concern

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

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

Lisa Pinney MBE
Chief Executive and Accounting Officer
13 June 2019

The certificate and report of the comptroller and auditor general

Opinion on financial statements

I certify that I have audited the financial statements of the Coal Authority for the year ended 31 March 2019 under the Coal Industry Act 1994. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Coal Authority's affairs as at 31 March 2019 and of the net expenditure for the year then ended
- the financial statements have been properly prepared in accordance with the Coal Industry Act 1994 and Secretary of State directions issued thereunder

Emphasis of matter

Without qualifying my opinion, I draw attention to the disclosures made in note 12 of the financial statements concerning the uncertainties in the likely costs in respect of the Coal Authority's liabilities for Mine Water Treatment, Public Safety and Subsidence Claims and Subsidence Pumping Stations totalling £2,239.0 million. The decrease in the liability in 2018-19 arising from the changes in the long-term discount rate underlines the uncertainty inherent in management's estimate. It is not possible to quantify with certainty the settlement of these liabilities or the impact on the Coal Authority's future financial results.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Coal Authority in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Coal Authority's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coal Authority's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Information

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Coal Industry Act 1994;
- in the light of the knowledge and understanding of the Coal Authority and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and

- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date: 20 June 2019

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

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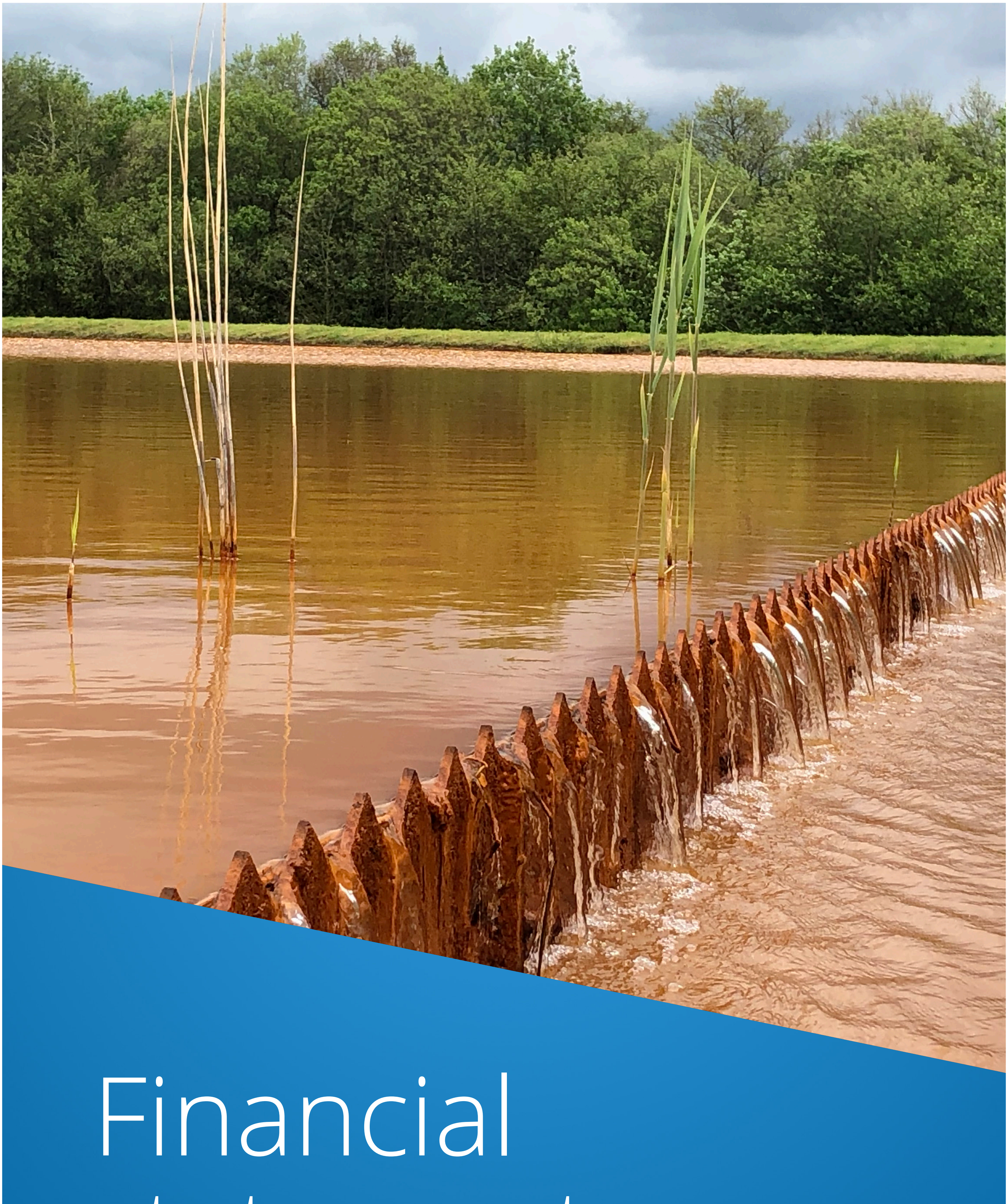

Financial statements 2018-19

Statement of Comprehensive Net Expenditure year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
Revenue from contracts with customers	4	18,831	17,030
Other operating income	4	3,755	1,825
Total operating income	4	**22,586**	**18,855**
Staff costs	3	(14,071)	(12,461)
Purchase of goods and services	3	(8,348)	(8,557)
Depreciation, revaluation and impairment charges	3	(7,776)	(6,449)
Operating expenditure before provision movement		**(30,195)**	**(27,467)**
Provisions movement	3	2,011,258	(1,528,091)
Total operating income/(expenditure)	3	**1,981,063**	**(1,555,558)**
Net operating income/(expenditure)		**2,003,649**	**(1,536,703)**
Finance expense		(9)	(5)
Net income/(expenditure) for the year		**2,003,640**	**(1,536,708)**
Other comprehensive net expenditure			
Net (loss)/gain on revaluation of property, plant and equipment		(190)	157
Comprehensive net income/(expenditure) for the year		**2,003,450**	**(1,536,551)**

The Statement of Comprehensive Net Expenditure and supporting Notes to the Accounts have been prepared and presented in accordance with the 2018-19 government's Financial Reporting Manual (FReM) issued by HM Treasury.

Notes on pages 76 to 109 form part of these accounts.

Statement of Financial Position as at 31 March 2019

	Note	2019 £000	2018 £000
Non-current assets:			
Property, plant and equipment	6	14,188	11,625
Investment property	7	542	213
Intangible assets	8	2,443	2,648
Total non-current assets		**17,173**	**14,486**
Current assets:			
Assets classified as held for sale	7	19	19
Trade and other receivables	9	3,757	3,707
Cash and cash equivalents	10	6,000	9,847
Total current assets		**9,776**	**13,573**
Total assets		**26,949**	**28,059**
Current liabilities:			
Trade and other payables	11	(13,936)	(16,512)
Provisions	12	(27,353)	(25,548)
Total current liabilities		**(41,289)**	**(42,060)**
Total assets less current liabilities		**(14,340)**	**(14,001)**
Non-current liabilities:			
Other payables	11	(5,518)	(7,002)
Provisions	12	(2,269,647)	(4,300,452)
Total non-current liabilities		**(2,275,165)**	**(4,307,454)**
Net liabilities		**(2,289,505)**	**(4,321,455)**
Taxpayers' equity and reserves:			
General fund		(2,289,805)	(4,321,955)
Revaluation reserve		300	500
Total taxpayers' equity and reserves		**(2,289,505)**	**(4,321,455)**

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

Lisa Pinney MBE
Chief Executive and Accounting Officer
13 June 2019

Stephen Dingle
Chair of the Board
13 June 2019

Statement of Cash Flows year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
Cash flows from operating activities:			
Net income/(expenditure) for the year		2,003,640	(1,536,708)
Adjustments for non-cash transactions:			
Depreciation, amortisation and revaluation of fixed assets	3	7,999	6,524
Profit on disposal of fixed assets	4	(3,114)	(1,068)
Loss on disposal of fixed assets	3	-	1
Revaluation of investment properties	3	(223)	(76)
(Increase)/decrease in trade and other receivables		(50)	429
Decrease in trade and other payables		(5,383)	(6,390)
(Decrease)/increase in provisions		(2,029,000)	1,509,000
Net cash outflow from operating activities		**(26,131)**	**(28,288)**
Cash flows from investing activities:			
Purchase of non-financial assets:			
Purchase of property, plant and equipment		(8,818)	(6,322)
Purchase of intangible assets		(517)	(1,179)
Proceeds from disposal of non-financial assets:			
Proceeds from sale of property, plant and equipment	4	3,119	1,218
Net cash outflow from investing activities		**(6,216)**	**(6,283)**
Net cash outflow from activities		**(32,347)**	**(34,571)**
Cash flows from financing activities:			
Grant in aid from BEIS		28,500	30,000
Net financing		**28,500**	**30,000**
Net decrease in cash and cash equivalents		**(3,847)**	**(4,571)**
Cash and cash equivalents at the beginning of the period		**9,847**	**14,418**
Cash and cash equivalents at the end of the period		**6,000**	**9,847**

Notes on pages 76 to 109 form part of these accounts.

Statement of Changes in Taxpayers' Equity year ended 31 March 2019

	General fund £000	Revaluation reserve £000	Total reserves £000
Balance at 1 April 2017	**(2,815,100)**	**353**	**(2,814,747)**
Changes in taxpayers' equity for 2017-18			
Grant in aid from BEIS - capital	8,326	-	8,326
Grant in aid from BEIS - revenue	21,674	-	21,674
Transfers between reserves	10	(10)	-
Net gain/(loss) on revaluation of fixed assets	(157)	157	-
Comprehensive income/ (expenditure) for the year	(1,536,708)	-	(1,536,708)
Balance at 31 March 2018	**(4,321,955)**	**500**	**(4,321,455)**
Changes in taxpayers' equity for 2018-19			
Grant in aid from BEIS - capital	10,658	-	10,658
Grant in aid from BEIS - revenue	17,842	-	17,842
Transfers between reserves	10	(10)	-
Net gain/(loss) on revaluation of fixed assets	-	(190)	(190)
Comprehensive income/ (expenditure) for the year	2,003,640	-	2,003,640
Balance at 31 March 2019	**(2,289,805)**	**300**	**(2,289,505)**

Notes on pages 76 to 109 form part of these accounts.

Notes to the Accounts year ended 31 March 2019

1. Statement of accounting policies

1.1 Basis of preparation

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

These financial statements have been prepared in accordance with the 2018-19 government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Coal Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The introduction of changes to IFRS 9 - Financial Instruments, has been fully considered and there are no material impacts on our accounting policies (eg Note 1.16) or the financial statements.

The introduction of IFRS 15 – Revenue from contracts with customers, has been fully considered and there are no material impacts on our accounting policies (eg Note 1.5) or the financial statements.

1.2 Accounting convention

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

1.3 Going concern

The Statement of Financial Position at 31 March 2019 shows net liabilities of £2,289.5 million. This reflects the inclusion of expenditure for liabilities falling due in future years, which cover periods of 50 and 100 years into the future. To the extent that they are not met from other sources of income, they may only be met by future grants or grants in aid from our sponsoring department, BEIS. This is because, under the normal conventions applying to Parliamentary control over income and expenditure, such grants may not be issued in advance of need.

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

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

1.4 Grant in aid

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

1.5 Revenue from contracts with customers and other operating income

Revenue from contracts with customers

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

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

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

Amounts recoverable on contracts are recognised on an accruals basis relating to the period in which the income is earned.

Operating lease income

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

Consolidated fund income

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

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

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

1.6 Staff costs

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

1.7 Pensions

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

1.8 Operating lease expenditure

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

1.9 Research and development

Research

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

Development

Expenditure is capitalised as an internally generated intangible asset only if the criteria of IAS 38 are met.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

1.10 Taxation

VAT

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

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

Deferred taxation

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

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

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

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

1.11 Assets and liabilities inherited from the British Coal Corporation

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

1.12 Property, plant and equipment

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

Property

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

The Coal Authority holds a number of properties which are used as operational assets to provide temporary accommodation to members of the public whose own properties have been affected by mining activities.

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

Non-property:

Information technology, plant and machinery and furniture and fittings

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

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

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

Assets under construction are valued at cost.

Mine water treatment schemes and subsidence pumping stations

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

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

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

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

Assets under construction are valued at cost.

1.13 Depreciation

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

The rates of depreciation are as follows:

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

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

1.14 Investment properties

The Coal Authority holds a number of properties and is undertaking a rolling disposal programme, the timing of which is dependent on property market conditions. These have been classified as investment properties and are not depreciated in accordance with IAS 40, but may be impaired or revalued to provide a carrying value at their estimated fair value. Full valuations by external chartered surveyors are undertaken by means of a rolling programme over 5 years. A desk top review is undertaken by in-house chartered surveyors on those properties that have not been subject to a full external valuation during the year.

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

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

1.15 Intangible assets

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

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

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

Low value software licences are amortised on a straight line basis over the shorter of useful economic life (5 years) or the term of the licence. Higher value bespoke software is amortised on a straight line basis over 5 years.

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

1.16 Financial instruments

The Coal Authority does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables, as disclosed within Notes 9 and 11 to the Accounts.

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

1.17 Security fund payables

Trade payables and other current liabilities include security fund payables. Licensees of mining operations are required to provide security to the Coal Authority to cover the potential future costs of settling subsidence damage liabilities within their areas of responsibility. One mechanism for providing security is by means of cash deposit. If the licensees fulfil their obligations, the deposits are returned, together with interest accrued under the terms of the lease/licence.
Deposits received are credited to security fund payables in order to recognise the Coal Authority's liability to the licensees. Repayments of deposits or the costs of making mining properties secure on default of the licensee are provided from the grant in aid received. Interest payable on deposits is charged to the Statement of Comprehensive Net Expenditure as it accrues.

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

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

1.18 Provisions

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

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

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

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

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

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

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

Specific provision periods have been established as follows:

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

Obligations under other property related provisions are provided for on a specific basis where timeframes are certain and known.

Where provisions remain calculated over a period of 50 or 100 years, as the Coal Authority moves into the next financial year it is necessary to add another year onto the provisions to maintain that timeframe.

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

1.19 Contingent assets and liabilities

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

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

1.20 Accounting judgements, estimates and assumptions

In relation to provisions, to the extent that it is sometimes impracticable to ascertain and disclose the full extent of the possible effects of assumptions or management estimates at the end of a reporting period, based on the best existing knowledge at the time, it is reasonably possible that outcomes for the next accounting period could require material adjustments to the provisions balance of £2,297.0 million as at 31 March 2019.

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

1.21 New standards, amendments and interpretations not yet effective

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

IFRS 16 "Leases"

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

The impact of the new standard has yet to be fully considered, but effectively operational leases (lessee) will be brought onto the Statement of Financial Position recognising the lease as a 'right of use' asset and a corresponding liability for the cash flow commitments associated with future expenditure. Operating lease commitments (lessee) future cash flows, as disclosed in Note 14.1, total £15.6 million, materially relating to land.

HM Treasury have issued implementation guidance covering adaptation and transition arrangements in application of the standard and this will be introduced to the FReM from 2020-21, effective from 1 April 2020.

2. Statement of operating expenditure by operating segments

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

2018-19	Development & Information £000	Operations £000	Commercial & Innovation £000	Total £000
Expenditure incurred during the year	2,629	25,486	13,006	41,121
Impairments	-	6,825	-	6,825
Less provision utilised	(260)	(17,482)	-	(17,742)
Adjustment to provisions	(740)	(2,010,518)	-	(2,011,258)
Gross expenditure	**1,629**	**(1,995,689)**	**13,006**	**(1,981,054)**
Income	**(4,629)**	**(457)**	**(17,500)**	**(22,586)**
Net (income)/ expenditure	**(3,000)**	**(1,996,146)**	**(4,494)**	**(2,003,640)**
Total assets	**3,981**	**18,955**	**4,013**	**26,949**
Memo: net (income)/ expenditure excluding provisions movements	(2,000)	31,854	(4,494)	25,360

2017-18	Development & Information £000	Operations £000	Commercial & Innovation £000	Total £000
Expenditure incurred during the year	2,237	26,640	12,183	41,060
Impairments	13	5,490	-	5,503
Less provision utilised	(239)	(18,852)	-	(19,091)
Adjustment to provisions	239	1,527,852	-	1,528,091
Gross expenditure	**2,250**	**1,541,130**	**12,183**	**1,555,563**
Income	**(2,422)**	**(476)**	**(15,957)**	**(18,855)**
Net (income)/ expenditure	**(172)**	**1,540,654**	**(3,774)**	**1,536,708**
Total assets	**3,789**	**19,900**	**4,370**	**28,059**
Memo: net (income)/ expenditure excluding provisions movements	(172)	31,654	(3,774)	27,708

Segmental analysis

The reported segments as analysed above are consistent with the Coal Authority's organisational structure, directors' responsibilities and the management information used by the Coal Authority's management team for the period reported. 2017-18 has been re-presented on a consistent basis.

Development and information

Development includes estate management, planning, licensing and permissions activities. Within development total assets, investment properties valued at £19,000 have been identified as being held for sale and are actively being marketed (2018: £19,000). Other than the element retained to finance licensing activities, royalties and mining income are surrendered to the HM Treasury consolidated fund when received.

Information segment includes mining records and data solutions and involves the provision of mining and environmental data sets. Data is provided both internally and to external customers and charged at cost, plus an allowance for overhead recovery.

Operations

Operations covers;

- Environment - programmes for mine water operations and subsidence pumping schemes.
- Public safety - subsidence, surface hazards, mine entry inspections and tip management operations.

Commercial and innovation

Commercial includes mining reports as well as advisory and technical services.

Mining reports involves the provision of commercial mining and environmental reports. One customer, TM Property Searches Limited, provided income of £2,047,000, (2017-18: £2,251,000) which at 10.5% (2017-18: 12.7%), is more than 10% of the Coal Authority's income from the sale of goods and services. Reliance on this customer is not considered by the directors to pose a significant risk to the Coal Authority's operations.

Advisory and technical services includes the delivery of an ongoing metal mine water treatment programme for Defra, which provided income of £3,884,000 (2017-18: £3,095,000) which at 19.9% (2017-18: 17.4%), is more than 10% of the Coal Authority's income from the sale of goods and services. The Coal Authority continues to work closely with Defra to resolve the issues arising from past metal mining and services are charged at cost, plus an allowance for overhead recovery. Future income is dependent on ongoing government funding of the programme, but reliance on this customer is not considered by the directors to pose a significant risk to the Coal Authority's operations.

Analysis of operating income by segment

2018-19	Development & Information	Operations	Commercial & Innovation	Total
	£000	£000	£000	£000
Mining reports	-	-	11,648	**11,648**
Advisory and technical services	-	-	5,520	**5,520**
Licensing and permissions indemnities	824	-	-	**824**
Data licensing and mining information	498	-	-	**498**
By-products	-	-	277	**277**
Other income	64	-	-	**64**
Revenue from contracts with customers	**1,386**	**-**	**17,445**	**18,831**
Profit on disposal of property, plant and equipment and investment properties	3,114	-	-	**3,114**
Public safety management fee	-	309	-	**309**
Rental income	123	117	52	**292**
Other income	6	31	3	**40**
Other operating income	**3,243**	**457**	**55**	**3,755**
Total operating income	**4,629**	**457**	**17,500**	**22,586**

2017-18	Development & Information	Operations	Commercial & Innovation	Total
	£000	£000	£000	£000
Mining reports	-	-	12,139	**12,139**
Advisory and technical services	-	-	3,702	**3,702**
Licensing and permissions indemnities	771	-	-	**771**
Data licensing and mining information	347	-	-	**347**
By-products	-	-	41	**41**
Other income	30	-	-	**30**
Revenue from contracts with customers	**1,148**	**-**	**15,882**	**17,030**
Profit on disposal of property, plant and equipment and investment properties	1,068	-	-	**1,068**
Public safety management fee	-	296	-	**296**
Rental income	187	113	54	**354**
Other income	19	67	21	**107**
Other operating income	**1,274**	**476**	**75**	**1,825**
Total operating income	**2,422**	**476**	**15,957**	**18,855**

3. Expenditure

	Note	£000	2018-19 £000	£000	2017-18 £000
Staff costs:					
Wages and salaries		9,935		8,632	
Social security costs		1,041		933	
Other pension costs		1,963		1,758	
Agency staff costs		1,132		1,138	
Sub-total			**14,071**		**12,461**
Purchase of goods and services:					
Operating leases					
Equipment		148		133	
Land and buildings		108		89	
			256		222
Goods and services					
Expenditure incurred during the year		24,755		26,710	
Less provision utilised	12	(17,742)		(19,091)	
			7,013		7,619
Research and development expenditure		590		260	
Auditors' remuneration and expenses		45		45	
Travel and subsistence		444		411	
			1,079		716
Sub-total			**8,348**		**8,557**
Depreciation, revaluation and impairment charges:					
Depreciation and amortisation					
Property, plant and equipment	6	449		451	
Intangibles	8	725		570	
			1,174		1,021
Revaluation					
Investment properties	7		(223)		(76)
Impairments					
Property, plant and equipment	6	6,825		5,477	
Intangibles	8	-		26	
			6,825		5,503

Loss on disposal of assets:					
Property, plant and equipment			-		1
Sub-total			**7,776**		**6,449**
Provisions movement:					
Other provisions movements	12	691,950		70,047	
Borrowing costs of provisions (unwinding of discount)	12	(69,208)		(26,956)	
Discount rate changes	12	(2,634,000)		1,485,000	
Sub-total			**(2,011,258)**		**1,528,091**
Total operating expenditure			**(1,981,063)**		**1,555,558**

Staff and related costs of £309,000 were charged to capital projects during 2018-19 (2017-18: £552,000). Other staff and related disclosures are included in the staff and remuneration report within the accountability report.

Expenditure incurred during the year incorporates £5,500 (2017-18: £nil) of auditors' remuneration and expenses for professional fees associated with non-audit work (see accountability report – Directors' report for further details).

Detailed information on provisions and provisions movements is provided in Note 12.

Loss on disposal of property, plant and equipment:	**2018-19 £000**	**2017-18 £000**
Proceeds from sale of assets	-	-
Book value	-	1
Loss on disposal of property, plant and equipment	**-**	**1**

4. Income

4.1 Revenue from contracts with customers

	2018-19 £000	2017-18 £000
Mining reports	11,648	12,139
Advisory and technical services	5,520	3,702
Licensing and permissions indemnities	824	771
Data licensing and mining information	498	347
By-products	277	41
Other income	64	30
Revenue from contracts with customers	**18,831**	**17,030**

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

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

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

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

4.2 Other operating income

	2018-19 £000	2017-18 £000
Profit on disposal of property, plant and equipment and investment properties (detail in table below)	3,114	1,068
Public safety management fee	309	296
Rental income	292	354
Other income	40	107
Other operating income	**3,755**	**1,825**

The public safety management fee relates to charges made against the security fund as the liabilities are discharged during the year.

Rental income relates to operating lease income from property.

	2018-19 £000	2017-18 £000
Profit on disposal of property, plant and equipment and investment properties:		
Proceeds from sale of investment properties	56	150
Proceeds from clawback on sale of land	3,063	1,068
Total proceeds	3,119	1,218
Fair value of investment properties	(5)	(150)
Total	**3,114**	**1,068**

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

4.3 Consolidated fund income

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

	£000	2018-19 £000	£000	2017-18 £000
Production related rent (gross)	315		243	
Cost of collection	(29)		(31)	
Production related rent (net)		286		212
Incidental coal (gross and net)		10		15
Options for lease		19		18
Property sale proceeds		7		-
Income payable to the consolidated fund		**322**		**245**

	2018-19 £000	2017-18 £000
Balances held at start of year	**114**	**111**
Income payable to the consolidated fund	322	245
Payments made to the consolidated fund	(383)	(242)
Balances held at end of year	**53**	**114**

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

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

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

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

Cost of collection relates to the element of income retained to finance licensing activities and the cost of any unrecoverable amounts owed.

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

Consolidated fund payments amounted to £383,000 (2017-18: £242,000), being cash collections of £114,000 (2017-18: £111,000) relating to prior year and £269,000 (2017-18: £131,000) relating to current year.

5. Taxation

	2018-19 £000	2017-18 £000
Current tax	-	-
Deferred tax	-	-

Corporation tax is calculated at 19% (2017-18: 19%) of the estimated assessable profit for the year.

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

	2018-19 £000	2017-18 £000
Net income/(expenditure) for the year	2,003,640	(1,536,708)
Tax at the UK corporation tax rate of 19% (2017-18: 19%)	380,692	(291,975)
Tax effect of expenses that are not deductible in determining taxable profit	1,442	1,156
Tax effect of temporary differences on property, plant and equipment not recognised	(540)	(92)
Tax effect of losses created/(utilised) in the period not recognised	523	77
Tax effect of temporary differences on provisions not recognised	(385,507)	286,716
Tax effect of grant in aid finance for revenue purposes	3,390	4,118
Tax expense for the year	**-**	**-**

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

	Recognised at 31 March		Unrecognised at 31 March	
	2019 £000	**2018 £000**	**2019 £000**	**2018 £000**
Tax losses	-	-	(7,805)	(7,336)
Provisions	-	-	(390,527)	(735,454)
Property, plant and equipment	-	-	(5,047)	(5,560)
Revaluation of assets	-	-	-	-
Total	**-**	**-**	**(403,379)**	**(748,350)**

No deferred tax asset has been recognised on excess carried forward tax losses and property, plant and equipment due to the unpredictability of future profit streams against which such deferred tax assets could be offset. The losses may be carried forward indefinitely.

Deferred tax has also not been recognised in respect of temporary differences arising on taxed reserves. Reserves totalling £2,297.0 million at 31 March 2019 will be deductible when the expenditure is charged against the provision in later periods.

On 15 September 2016 the Government enacted a 17% rate of Corporation Tax, effective 1 April 2020. Deferred tax balances have therefore been calculated at 17% (2018: 17%) on the basis that they will materially reverse after 1 April 2020.

6. Property, plant and equipment

	Land	Buildings	Information technology	Plant and machinery	Furniture and fittings	Mine water schemes	Subsidence pumping stations	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2018	4,026	4,004	5,775	1,193	600	95,418	10,663	2,542	124,221
Additions	146	-	112	177	-	3,854	1,823	3,915	10,027
Reclassifications	-	-	30	41	-	499	649	(1,219)	-
Disposals	-	-	(4)	-	-	(6)	-	-	(10)
Revaluations	-	(386)	-	-	-	-	-	-	(386)
At 31 March 2019	**4,172**	**3,618**	**5,913**	**1,411**	**600**	**99,765**	**13,135**	**5,238**	**133,852**
Depreciation									
At 1 April 2018	-	97	4,795	1,025	598	95,418	10,663	-	112,596
Charged in year	-	117	293	37	2	-	-	-	449
Disposals	-	-	(4)	-	-	(6)	-	-	(10)
Revaluations	-	(196)	-	-	-	-	-	-	(196)
Impairments	-	-	-	-	-	4,353	2,472	-	6,825
At 31 March 2019	**-**	**18**	**5,084**	**1,062**	**600**	**99,765**	**13,135**	**-**	**119,664**
Net book value at 31 March 2018	**4,026**	**3,907**	**980**	**168**	**2**	**-**	**-**	**2,542**	**11,625**
Net book value at 31 March 2019	**4,172**	**3,600**	**829**	**349**	**-**	**-**	**-**	**5,238**	**14,188**

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

Valuations of head office land and buildings and properties that are held for operational purposes are undertaken on a biennial basis. Changes in valuation are reflected as appropriate in land and buildings.

A valuation was undertaken of the head office land and buildings as at 31 March 2019 by external Chartered Surveyors (Lambert Smith Hampton, a multi-disciplinary chartered surveying practice) in accordance with Royal Institution of Chartered Surveyors' guidelines.

The valuation of £2,825,000 is reflected above, with the next valuation due to be completed in March 2021.

A valuation was undertaken of all 5 properties held for operational purposes (see Note 1.12 to the Accounts) as at 31 March 2018 by external Chartered Surveyors (Valuation Office Agency – District Valuation Services) in accordance with Royal Institution of Chartered Surveyors' guidelines. The valuation of £904,000 is reflected above (current net book value of £885,000) with the next valuation due to be completed in March 2020.

Of the 5 properties held for operational purposes, 2 were transferred to the Coal Authority by UK Coal in 2015-16 in lieu of cash called-in security and 3 properties were subsequently purchased using cash called-in security. The properties will be used for operational purposes in the short term before being sold to generate cash to cover subsidence liabilities.
Assets under construction primarily consist of costs incurred on the development, construction or refurbishment of coal mine water treatment schemes and subsidence pumping stations.

For schemes relating to coal mining activity the assets brought into operational use have been subject to an impairment review and impaired to nil. This impairment loss has been recognised through the Statement of Comprehensive Net Expenditure.

	Land	Buildings	Information technology	Plant and machinery	Furniture and fittings	Mine water schemes	Subsidence pumping stations	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2017	3,606	3,878	5,873	1,145	600	91,428	9,229	1,262	117,021
Additions	420	-	59	32	-	3,861	348	2,513	7,233
Reclassifications	-	-	-	18	-	129	1,086	(1,233)	-
Disposals	-	-	(157)	(2)	-	-	-	-	(159)
Revaluations	-	126	-	-	-	-	-	-	126
At 31 March 2018	**4,026**	**4,004**	**5,775**	**1,193**	**600**	**95,418**	**10,663**	**2,542**	**124,221**
Depreciation									
At 1 April 2017	-	13	4,657	938	592	91,428	9,229	-	106,857
Charged in year	-	115	294	36	6	-	-	-	451
Disposals	-	-	(156)	(2)	-	-	-	-	(158)
Revaluations	-	(31)	-	-	-	-	-	-	(31)
Impairments	-	-	-	53	-	3,990	1,434	-	5,477
At 31 March 2018	**-**	**97**	**4,795**	**1,025**	**598**	**95,418**	**10,663**	**-**	**112,596**
Net book value at 31 March 2017	**3,606**	**3,865**	**1,216**	**207**	**8**	**-**	**-**	**1,262**	**10,164**
Net book value at 31 March 2018	**4,026**	**3,907**	**980**	**168**	**2**	**-**	**-**	**2,542**	**11,625**

7. Investment properties

	2019 £000	2018 £000
Land		
Fair value at 1 April	232	306
Additions	111	-
Disposals	(5)	(150)
Revaluations	223	76
Fair value at 31 March	**561**	**232**

The Coal Authority owns all of its investment properties and undertakes a 5 year rolling programme to ensure that all material investment properties are subject to an external valuation. 2018-19 is the second year of the current rolling programme.

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

As at 31 March 2019 certain properties valued at £19,000 have been identified as being held for sale (2018: £19,000).

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

8. Intangible assets

	Information technology £000	Software licences £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2018	18,943	1,362	119	20,424
Additions	344	4	172	520
Reclassifications	119	-	(119)	-
At 31 March 2019	**19,406**	**1,366**	**172**	**20,944**
Amortisation				
At 1 April 2018	16,459	1,317	-	17,776
Charged in year	708	17	-	725
At 31 March 2019	**17,167**	**1,334**	**-**	**18,501**
Net book value at 31 March 2018	**2,484**	**45**	**119**	**2,648**
Net book value at 31 March 2019	**2,239**	**32**	**172**	**2,443**

The Coal Authority owns all of its intangible assets.

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

	Information technology £000	Software licences £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2017	20,116	1,362	852	22,330
Additions	974	-	119	1,093
Reclassifications	841	11	(852)	-
Disposals	(2,988)	(11)	-	(2,999)
At 31 March 2018	**18,943**	**1,362**	**119**	**20,424**
Amortisation				
At 1 April 2017	18,885	1,294	-	20,179
Charged in year	536	34	-	570
Disposals	(2,988)	(11)	-	(2,999)
Impairments	26	-	-	26
At 31 March 2018	**16,459**	**1,317**	**-**	**17,776**
Net book value at 31 March 2017	**1,231**	**68**	**852**	**2,151**
Net book value at 31 March 2018	**2,484**	**45**	**119**	**2,648**

9. Trade receivables, financial and other current assets

Amounts falling due within 1 year:

	2019 £000	2018 £000
VAT	424	380
Trade and other receivables	871	879
Prepayments	1,295	1,139
Accrued income	1,167	1,309
Balance at 31 March	**3,757**	**3,707**

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

10. Cash and cash equivalents

	2019 £000	2018 £000
Balance at 1 April	9,847	14,418
Net change in cash and cash equivalent balances	(3,847)	(4,571)
Balance at 31 March	**6,000**	**9,847**

The following balances were held at:

Government Banking Services	6,000	9,847
Balance at 31 March	**6,000**	**9,847**

Cash balances incorporate £4,894,000 (2018: £7,892,000) of ring fenced funds held in a separate account. These ring fenced funds represent receipts from UK Coal following disclaiming the lease/ licence for Thoresby and Kellingley Collieries and from bond providers following the termination of operations of ATH Resources PLC, Benhar Developments Ltd and Scottish Coal Company Ltd. The balances have been offset against the settlement of the operators' liabilities. Balances are to remain ring fenced until such time that all future liabilities are settled.

11. Trade payables and other current liabilities

Amounts falling due within 1 year:

	2019 £000	2018 £000
Other taxation and social security	500	465
Trade and other payables	1,046	1,034
Security fund payables	143	72
Liabilities in relation to called-in security	1,637	2,958
Amounts due to government (consolidated fund income)	53	114
Accruals	10,169	11,073
Deferred income	388	796
Balance at 31 March	**13,936**	**16,512**

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

The amounts due to government represent amounts still to be remitted to the consolidated fund (HM Treasury) once cash has been collected in relation to licensing activities. The balance consists of trade receivables of £28,000 (2018: £92,000) and accrued income of £25,000 (2018: £22,000). See Note 4.3 to the Accounts for further details.

Liabilities in relation to called-in security are in respect of the expected costs of settling future subsidence claims following the termination of operations and disclaiming of a lease/licence. Called-in security is in the form of cash receipts or transferred property assets. Cash receipts are ring fenced. Property assets generate further cash receipts on disposal. See Notes 6 and 10 to the Accounts for further details. Amounts due within 1 year and after more than 1 year are in respect of UK Coal - Thoresby and Kellingley Collieries. Amounts due after 1 year are also in respect of ATH Resources PLC, Benhar Developments Ltd and the Scottish Coal Company Ltd.

Amounts falling due after more than 1 year:

	2019 £000	2018 £000
Security fund payables:		
In more than 1 year, but not more than 2 years	338	266
In more than 2 years, but not more than 5 years	107	257
In more than 5 years	1,166	1,114
	1,611	1,637
Liabilities in relation to called-in security:		
In more than 1 year, but not more than 2 years	790	1,307
In more than 2 years, but not more than 5 years	484	1,325
In more than 5 years	2,633	2,733
	3,907	5,365
Balance at 31 March	**5,518**	**7,002**

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

Analysis of movements on security fund payables:

	2019 £000	2018 £000
Opening balance - falling due within 1 year	72	72
Opening balance - falling due after more than 1 year	1,637	1,489
Opening balance	1,709	1,561
Invoiced and cash receipts	117	150
Bond proceeds transferred	70	-
Interest payable	9	5
Repayments	(150)	(7)
Utilisation	(1)	-
Movements during the year	45	148
Closing balance - falling due within 1 year	143	72
Closing balance - falling due after more than 1 year	1,611	1,637
Closing balance	**1,754**	**1,709**

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

	2019 £000	2018 £000
Opening balance - falling due within 1 year	2,958	2,110
Opening balance - falling due after more than 1 year	5,365	10,822
Opening balance	8,323	12,932
Bond proceeds transferred	(70)	(89)
Utilisation	(2,709)	(4,520)
Movements during the year	(2,779)	(4,609)
Closing balance - falling due within 1 year	1,637	2,958
Closing balance - falling due after more than 1 year	3,907	5,365
Closing balance	**5,544**	**8,323**

12. Provisions for liabilities and charges

	Mine water schemes £000	Public safety and subsidence £000	Subsidence pumping stations £000	Other property related provisions £000	Total 2018-19 £000	Total 2017-18 £000
Opening balance	3,438,000	405,000	398,000	85,000	**4,326,000**	**2,817,000**
Utilised against operating spend	(8,598)	(6,981)	(643)	(1,520)	**(17,742)**	**(19,091)**
Utilised against capital spend	(6,556)	-	(3,015)	-	**(9,571)**	**(7,102)**
Created/ (released)	751,945	21,630	(73,994)	1,940	**701,521**	**77,149**
Borrowing costs of provisions (unwinding of discount)	(54,791)	(6,649)	(6,348)	(1,420)	**(69,208)**	**(26,956)**
Discount rate changes	(2,298,000)	(134,000)	(176,000)	(26,000)	**(2,634,000)**	**1,485,000**
Closing balance	**1,822,000**	**279,000**	**138,000**	**58,000**	**2,297,000**	**4,326,000**

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

The provision for liabilities and charges at 31 March 2019 is £2,297.0 million (2018: £4,326.0 million). Forecast cash flows, which reflect latest assumptions within the Coal Authority's control, included within this provision before inflation and discounting are forecast at £2,174.0 million (2018: £1,902.0 million). Therefore, the impact of applying the HM Treasury specified rates is an increase of £123.0 million (2018: £2,424.0 million increase).

In calculating each provision at its present value, CPI (Consumer Price Index) inflation has been applied to cash flows that are based on 2019 prices and then nominal discount rates, as specified by HM Treasury, have been applied. In 2017-18, real discount rates, which included inflation, were applied to cash flows based on 2018 prices, but this option has now been withdrawn by HM Treasury. Specified rates used are presented below:

Discount rates:		2018-19 Nominal rate (excl inflation)	2018-19 CPI inflation	2018-19 Combined rates	2017-18 Real rate (incl inflation)
Very long-term	>41 years	1.99%	2.10%	(0.11)%	(1.56)%
Long-term	11 - 40 years	1.99%	2.10%	(0.11)%	
Medium-term	6 - 10 years	1.14%	2.10%	(0.96%)	(1.85)%
Short-term	3 - 5 years	0.76%	2.10%	(1.34%)	(2.42)%
Short-term	1 - 2 years	0.76%	2.00%	(1.24)%	

The change in rates has resulted in a decrease to the provisions balance of £2,634.0 million for 2018-19 (2017-18: increase of £1,485.0 million).

Where provisions remain calculated over a period of 50 or 100 years, it is necessary to add another year onto the provisions to maintain that timeframe. Forecast cash flows associated with the additional year are £24.5 million (2017-18: £22.5 million).

Other key assumptions and sensitivities in establishing the provisions at 31 March 2019 are explained on the next pages.

Mine water schemes

The provision relating to mine water treatment schemes is £1,822.0 million (2018: £3,438.0 million).

In order to comply with legislation, including the Water Environment (Water Framework Directive) (England and Wales) Regulations 2003 and the Water Environment and Water Services (Scotland) Act 2003, a strategy has been developed to design and build a further 10 schemes by 2027 to remediate existing pollution identified by the Environment Agency (EA), Natural Resources Wales (NRW) and Scottish Environment Protection Agency (SEPA). A further 13 preventative schemes are programmed to be built to avoid new pollution based on scientific projections of water quality and levels.

The legislation includes the principle of disproportionate cost and since 2010-11 this principle has been applied in assessing the viability of remedial schemes, through cost benefit analysis. Schemes will be deferred whilst new technologies are sought to build schemes for a cost in line with the benefits generated. Should such technology not become available these schemes may not be built and are therefore not provided for. Currently 55 schemes (2018: 18 schemes) have been deferred, at average scheme build cost of £3.3 million and operating costs of £0.1 million per annum.

Cash flows over the next 100 years, before inflation and discounting, based on latest forecast and which are within the Coal Authority's control, total £1,719.5 million (2018: £1,415.7 million). Cash flows are calculated over 100 years as scientists have concluded that the conditions for causing pollution will continue and there is no foreseeable option to dispense with treatment schemes. These cash flows incorporate:

- The estimated cost of commissioning the build of future schemes at £76.1 million (2018: £77.4 million). An update to the programme, and associated cost, follows a strategic review, engaging with key stakeholders (Defra, NRW – Natural Resources Wales and SEPA – Scottish Environment Protection Agency). The revised programme reflects the removal of 28 schemes, as well as including latest cost estimates for the build of schemes. An extended period for undertaking preventative scheme builds, from 5 to 10 years, as a result of increased confidence in technical data, information and analysis, has been incorporated resulting in an increment of 5 schemes. Cost benefit analysis has been updated to reflect the latest cost estimates associated with building, refurbishing, maintaining and operating schemes, as set out below, resulting in the removal of 33 remedial schemes from the programme.
- The estimated cost of a refurbishment programme and capitally maintaining schemes, including solar panel installation, maintenance and replacement, at £623.7 million (2018: £378.5 million). Experience of managing schemes over a sustained period of time has led to a realisation that the useful operating life of certain components of the schemes is less than originally forecast, therefore leading to more frequent replacement cycles and associated increase in costs.

- The estimated cost of operating schemes, which include efficiencies as they are delivered through an ongoing innovation programme, for the next 100 years at £1,019.7 million (2018: £959.8 million). These costs relate to both existing and future schemes, per the revised build programme, as they are built and become operational. Operating costs at scheme level vary dependent upon the size and type of treatment scheme, the volume of water flow, as well as the chemistry and quality of the water. Operating costs have been under sustained pressure, particularly in relation to power and chemicals, leading to significant cost increases. However, this has been partially offset as a result of a reduced future build programme and the removal of associated operating costs.

Beyond 100 years the inherent uncertainties to the future costs and timing of cash flows prevent provisions being made.

Significant uncertainties beyond 100 years include new technologies; environmental regulations; price inflation of construction and operating costs; positioning of schemes and related land costs; and, the number of future preventative schemes required.

Public safety and subsidence

The provision relating to public safety and subsidence activity is £279.0 million (2018: £405.0 million).

Subsidence provisions relate to the estimated cost of settlement of subsidence claims. The Coal Authority has obligations under the 1994 Act and Subsidence Act 1991 to investigate and settle claims in respect of coal mining subsidence damage arising outside designated areas of responsibility associated with licences granted to coal mining operators.
Public safety provisions relate to surface hazards and the costs of treating ground collapses, shaft collapses and other hazards relating to former coal mining activities. The Coal Authority has obligations under the 1994 Act and Subsidence Act 1991 to investigate and treat hazards arising from coal and to have regard for public safety.

Cash flows over the next 50 years, before inflation and discounting, based on latest forecast and which are within the Coal Authority's control, total £268.7 million (2018: £263.2 million). Cash flows are calculated over 50 years as the Coal Authority expects to settle subsidence claims and surface hazards for a considerable period of time as the conditions for subsidence and surface hazards will always be in existence. These cash flows incorporate:

- The estimated costs for investigating and treating claims at £4.8 million per annum (2018: £4.7 million per annum).
- The estimated annual costs for the ongoing mine entry inspection programme through to 2023 at £0.5 million per annum (2018: £0.4 million per annum). Mine entry inspections and re-inspections are undertaken as part of a risk assessed rolling programme, and alternate every 5 years. The next 5 year cycles commence from 2024 at a cost of £0.7 million per annum and 2029 at a cost of £0.4 million per annum (2018: average cost of £0.6 million per annum).

Beyond 50 years the inherent uncertainties of the future costs and timing of cash flows prevent provisions being made. Inherent uncertainties for public safety and subsidence are significantly higher than for mine water schemes and subsidence pumping stations.

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

Subsidence pumping stations

The provision relating to subsidence pumping stations is £138.0 million (2018: £398.0 million). Subsidence pumping station provisions relate to the costs of 84 pumping stations which control water on land affected by subsidence. This includes obligations under the Doncaster Drainage Act 1929.

Cash flows over the next 100 years, before inflation and discounting, based on latest forecast and which are within the Coal Authority's control, total £129.9 million (2018: £166.1 million). Cash flows are calculated over 100 years as scientific evidence indicates that due to the effects of subsidence, certain pumping stations will be required for a considerable period of time. These cash flows incorporate:

- The estimated cost of a refurbishment programme, which is now due to complete by 2034, at £12.3 million (2018: due to complete by 2032 at £20.5 million). An update to the programme, and associated cost, follows a strategic review with key stakeholders (Environment Agency and Internal Drainage Boards). There is an ongoing requirement to continue refurbishment beyond 2034 and into the foreseeable future. This ongoing refurbishment programme has been incorporated at £0.6m per annum (2018: £1.0 million per annum), also reflecting the outcome of the strategic review.
- The estimated cost of operating these stations for the next 100 years at £0.7 million per annum (2018: £0.6 million per annum).

Beyond 100 years the inherent uncertainties of the future costs and timing of cash flows prevent provisions being made.

Significant uncertainties beyond 100 years include; the expected operational life of the stations and plant and machinery; and, the levels of refurbishment or replacement that may be required.

Other property related provisions

The provision relating to other property is £58.0 million (2018: £85.0 million).

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

- Obligations under the Bridgewater Canal Act 1907 to maintain elements of the canal which have been affected by coal mining subsidence. A 50 year programme of works has been prepared and costs estimated at £32.6 million remain at 31 March 2019 (2018: £33.0 million).
- Obligations under the 1994 Act, the Mines and Quarries (Tips) Act 1969 and the Mines and Quarries (Tips) Regulations 1971 to have regard to public safety. Tips may become insecure when water or ground conditions make them unstable. The Coal Authority has responsibility for 41 tips and keeps them secure, monitors water drainage, constructs tunnels and ponds to capture the water runoff and undertakes a regular programme

of maintenance. Costs over the next 50 years have been forecast at £17.3 million (2018: £18.3 million), incorporating annual costs at £0.3 million per annum (2018: £0.4 million per annum). Beyond 50 years the inherent uncertainties of the future costs and timing of cash flows prevent provisions being made. Significant uncertainties beyond 50 years include the future costs of major repair projects following adverse weather conditions.

- Closed colliery site obligations are assessed to be £5.8 million (2018: £5.7 million) and relate to returning colliery sites to a condition that is safe and secure and consistent with any required planning permission or lease requirement.

Sensitivity of trends and assumptions

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

- Should estimated future cash flows increase or decrease by £1.0 million per annum:
  - In relation to subsidence, surface hazards and tip management, the total provision over 50 years at current day prices would increase or decrease by £52.0 million.
  - In relation to mine water schemes or subsidence pumping stations, the total provision over 100 years in current day prices would increase or decrease by £106.0 million.
- Should inflation or discount rates that as specified by HM Treasury change, there would be an impact on the provisions balance;
  - An increase in the inflation rates of 0.5% would increase the total provision held by £605.0 million (26%).
  - A decrease in the inflation rates of 0.5% would decrease the total provision held by £443.0 million (19%).
  - An increase in the discount rates of 0.5% would decrease the total provision held by £442.0 million (19%).
  - A decrease in the discount rates of 0.5% would increase the total provision held by £609.0 million (27%).

Analysis of timing of discounted flows:	**Mine water schemes**	**Public safety and subsidence**	**Subsidence pumping stations**	**Other property related provisions**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Up to 2020	17,836	5,826	2,218	1,473	**27,353**
Between 2020 and 2024	105,656	22,634	6,712	5,668	**140,670**
Between 2024 and 2039	292,793	83,684	20,652	19,390	**416,519**
Thereafter	1,405,715	166,856	108,418	31,469	**1,712,458**
Total	**1,822,000**	**279,000**	**138,000**	**58,000**	**2,297,000**

13. Capital commitments

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

	2019 £000	2018 £000
Capital commitments:		
Mine water treatment schemes	4,285	863
Subsidence pumping stations	752	655
Intangible assets	40	66
	5,077	1,584
Less capital commitments within provisions:		
Mine water treatment schemes	(3,429)	(476)
Subsidence pumping stations	(752)	(655)
	(4,181)	(1,131)
Capital commitments not included within the accounts:		
Mine water treatment schemes	856	387
Intangible assets	40	66
Total	**896**	**453**

14. Commitments under leases

14.1 Operating leases (lessee)

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

	2019 £000	2018 £000
Land:		
Within 1 year	527	517
Between 1 to 5 years	1,870	1,818
After 5 years	13,014	12,704
	15,411	15,039
Leased vehicles:		
Within 1 year	91	70
Between 1 to 5 years	123	48
After 5 years	-	-
	214	118
Total	**15,625**	**15,157**

14.2 Operating leases (lessor)

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

	2019 £000	2018 £000
Head office - freehold property:		
Within 1 year	180	271
Between 1 to 5 years	329	644
After 5 years	-	-
Total	**509**	**915**

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

15. Contingent liabilities

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

The above liabilities have been provided for within the Public Safety and Subsidence provision (Note 12 to the Accounts) based on analysis of trends and claims experience. However it is possible that significant, unexpected events outside of this provision may materialise. It is expected that any deficit will be covered by future allocations of grant in aid.

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

The Coal Authority is subject to various claims and legal actions in the ordinary course of its activities. Where appropriate, provisions are made in the accounts on the basis of information available and in accordance with guidance provided under the FReM and IFRS. The Coal Authority does not expect that the outcome of the above issues will materially affect its financial position.

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

Environmental Information Regulations 2004

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

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

16. Contingent assets

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

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

Allen Court – Kirkcaldy

In excess of 25 damage notices have been submitted to the Coal Authority in respect of subsidence damage to properties at Allen Court, Kirkcaldy.

£1.6 million of costs have been recognised as at 31 March 2019.

The property development was undertaken following the provision of a permit by the Coal Authority which incorporated indemnity clauses. The Coal Authority will continue to strongly pursue resolution and expects to recover its costs from the developer.

17. Related party transactions

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

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

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

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

18. Events after the reporting period

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

Date accounts authorised for issue

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

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

1. This direction applies to the Coal Authority.

2. The Coal Authority shall prepare accounts for the financial year ended 31 March 2019 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the Department.

3. The accounts shall be prepared so as to:

   (a) give a true and fair view of the state of affairs at 31 March 2019 and subsequent financial year-ends and of the income and expenditure, total recognised gains and losses and cash flows for the financial year then ended; and

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

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

5. This Direction supersedes the Direction dated 16 May 2018.

Christopher Whelan

Assistant Director - Coal Liabilities Unit
(An official of the Department for Business, Energy and Industrial Strategy
authorised to act on behalf of the Secretary of State)
30 April 2019