THE
COAL
AUTHORITY

Annual Report & Accounts 2011–2012

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Vision and Mission

A public body proudly delivering innovative services as we work together to protect the public and the environment in mining areas, now and for future generations.

The Way We Wish to Work

One dynamic team, focused on outcomes and empowered to deliver. Our people will need to support, respect and trust each other as we work towards our common goals and then celebrate success together. Moving at pace with passion, professionalism and pride, we are continually learning, sharing our knowledge and challenging anything that inhibits our performance. We understand our different roles, are customer-focused and take responsibility for delivery to all our stakeholders.

Who We Are and What We Do

Who are we?

The Coal Authority ("the Authority") works to protect the public and the environment in mining areas, now and for future generations. We:

- manage the legacy coal safety issues and communicate related information to citizens and stakeholders **so that the safety of the public is protected from historic coal mining**;
- manage the water pollution caused by mining **so that water is protected and improved to "good" status**;
- use our information and breadth of skills and experience **so that stakeholders are aware of mining information to make informed decisions**; and ensure where possible that indigenous coal continues to be used as an important fuel source for the nation.

Our story

The coal industry was privatised in 1994 and the Authority was established at that time to undertake a range of statutory duties previously dealt with by British Coal Corporation including, as the owner of the coal, the licensing of coal mining operations.

The Authority was granted additional powers in the Energy Act 2011 to enable it to deliver a non-coal mine water programme and deal with non-coal subsidence legacy issues when the necessary funding is made available.

The Authority provides assistance to other organisations that can benefit from the expertise that it has developed since the organisation was established.

How are we funded?

We are a Non Departmental Public Body (NDPB) and are principally funded by the Department of Energy and Climate Change (DECC), our sponsoring department. Some of our costs are also recovered through the paid for services we provide, although many of our services remain free at the point of use.

Governance and strategy

We have an independent Board responsible for setting our strategic direction, policies and priorities. It ensures our statutory duties are carried out effectively. Its Chairman and Members provide a wealth of experience in the areas in which the Authority is working. Appointments to the Board are made by the Secretary of State for Energy and Climate Change.

Chairman's Foreword

2011-12 has been a year of significant change and challenge for the Authority and its staff. We have worked hard to embed a new streamlined organisational structure introduced towards the end of the previous year, whilst continuing to deliver more efficient and effective products and services to our customers and stakeholders.

At the start of the year, we reviewed our corporate objectives and associated milestones, and agreed a stakeholder focused set of three objectives and 11 milestones for 2011-12. I am pleased to report that we had scored a 94% achievement rate against these at the year end.

Throughout the year, we have introduced a range of efficiency measures. Perhaps the most obvious of these are in our use of office space and a range of efficiencies in environmental operations.

We continue to seek further efficiencies without affecting our levels of service, by developing innovative solutions for the legacy issues of past mining which arise on a daily basis. We realise that a coordinated approach must be adopted for the research and development activities needed to develop appropriate solutions to these issues. To address this, we have decided to appoint a research and development specialist to lead our work in this area. This will include developing collaborative projects with partners both in the United Kingdom and overseas.

The Energy Act 2011 included clauses which widened our powers to enable us to deal with mine water and subsidence issues associated with non-coal mining, when the necessary funding is made available. We have already commenced a non-coal mine water programme of work in England funded by the Department for Environment, Food and Rural Affairs (Defra). Discussions are also taking place with the Scottish Environment Protection Agency (SEPA) and Environment Agency Wales on similar work.

Our expertise rests with our people, who are highly skilled at delivering the wide range of specialist operations that we undertake. We continue to build on this by providing the necessary support and assistance to help them develop the additional skills necessary to keep us at the forefront of product and service delivery. Technology also plays an important part in delivering these products and services and during the year we successfully introduced our new Inferis delivery platform.

We continue to operate to the highest standards of corporate behaviour which includes taking our responsibilities for safety, health and the environment seriously. The safety of our staff, contractors and the public are paramount in all our activities.

Blindwells mine water treatment scheme, East Lothian

We also seek to use methods consistent with best environmental practice in these activities.

It was pleasing to visit the Scottish Parliament in November 2011 and the Senedd in June 2012 to explain the work we undertake to our stakeholders' elected representatives. A visit to the Houses of Parliament is scheduled for later this year.

We have delivered much during the past year but there is more to be done. I would like to thank the Board, the Executive Leadership Team and all our staff for their dedication, professionalism and commitment during a further period of major change.

I am now in my sixth and last year as Chairman of the Authority, having also served as a Non-Executive Director prior to that. The Authority has changed enormously over that period – all the while continuing to deliver our core statutory duties to the highest standards, whilst broadening out our range of environmental and data-related activities. I have greatly enjoyed my time on the Authority's Board, addressing the opportunities and the challenges as they have arisen, and meeting a wide range of people within and outside the coal industry. My term ends on 31 March 2013, and the recruitment of my successor is underway. He or she will undoubtedly face further challenges in the coming years, but I am confident that the Authority has the team necessary to continue to protect the public and the environment in mining areas, now and for future generations, and I thank them all for their support during my time on the Board.

Helen Mounsey
Chairman

Chief Executive's Report

The radical reorganisation that took place within the Authority at the end of last year has enabled us to focus on delivering improved levels of service to our stakeholders whilst also meeting almost all of our corporate objectives associated with delivering strategies for public safety, information management and environmental management.

As the Chairman has stated, we have continued to seek improvements in productivity, performance and succession with our focus this coming year on 'the way we want to work'.

This year's performance against objectives is summarised below and is a good outcome given the level of change the business managed. Collaborative working with our business partner has seen the successful completion of phase one of Inferis, our new geographic and information system, which enables us to continue to deliver our mining reports service. This service went 'live' in January 2012 and replaced our previous system that would have been unsupported in the near future. Work is now underway on designing and building phase two of the project which is due for delivery at the end of 2012.

Our most advanced non-coal project is at Saltburn Gill in North Yorkshire, where work will commence in the coming year on building the treatment scheme necessary to treat ironstone mine water pollution. We took over the management of the Wheal Jane mine water treatment scheme in Cornwall and are undertaking work to seek efficiencies in the cost of operating this site.

In order to ensure that we operate as an efficient and effective regulator a thorough review of the licensing process was undertaken during the year. This will ensure that we provide a modern fit-for-purpose service to our stakeholders whilst achieving the objectives of the legislation.

Our mission for 2012-13 continues to be to protect the public and the environment in mining areas, now and for future generations. Our long term aims are:

- protect the safety of the public from historic coal mining;
- protect and improve to "good" status water affected by mining in Scotland, England and Wales;
- ensure that stakeholders are aware of mining information to make informed decisions;
- be the expert and deliver good customer satisfaction, value, proportionate risk management and deliver safely and preserve the environment; and

Resources

Our outline settlement in £000's from DECC is:

	2012-13	2013-14	2014-15
Resource	30,759	31,333	32,936
Capital	7,550	7,700	8,550
Headcount	135	135	135

- grow expertise through research and development, people development and partnerships.

Our financial settlement shows that our sponsor Department believes that we continue to deliver efficient services to our stakeholders.

Our settlement for 2012-13 and for the next two years will continue to ensure that we focus on costs and efficiencies within our business. Particular attention will be placed on non-programme expenditure. We continue to investigate the options for the provision of our information technology service and we are seeking to offset site overhead costs by letting the remaining two floors in our Mansfield office to public sector organisations.

The role that coal played last winter was essential in keeping the nation's lights on with up to 52% of electricity usage being generated from coal during this period. The continued economic upheaval being experienced worldwide is having a detrimental effect on major capital investment and has seen a number of multinational energy companies not taking forward options to build new replacement power generation stations in the United Kingdom. To ensure a balanced and secure energy portfolio there is a continuing need for coal and in particular indigenous coal to play an important role in meeting the energy needs of the nation. It must, however, remain competitive and meet environmental concerns in order to retain its market. As well as licensing conventional surface and underground mines we continue to receive applications to extract the energy from coal by means of underground coal gasification and coal bed methane as well as applications for abandoned mine methane and mine water heat recovery.

The Secretary of State for Energy and Climate Change launched a new competition for carbon capture and storage in April 2012 to support the design, construction and operation of commercial scale plant with £1 billion of funding. Decisions are expected in October 2012. The successful development of such plant will be fundamental to the long term future for coal in the United Kingdom.

Philip Lawrence
Chief Executive

Performance Against Objectives

1. Manage our coal legacy responsibly and cost-effectively.	92% of in year target achieved with long term objective five ongoing.The mineshaft inspection and dissemination of information programmes are on target with the risk maps being published on our website in October 2011. Significant change has been managed by our teams under the new organisational structure. Our IT services contract has been extended until the end of 2012 to enable options to be evaluated for future delivery. The office move was completed and 18,000 boxes of files were destroyed which has made space available to generate lease income. Savings against budget have been generated ahead of schedule and the review of excessive risk controls is ongoing.
2. Deliver a mine water management programme in England, Scotland and Wales.	98% of in year target achieved with long term objective ongoing. The 2011-12 new build coal mine water treatment programme has been delivered. We have also delivered our Defra funded non-coal mine water programme in England. Discussions are ongoing in Scotland and Wales on non-coal mine water. We have agreed in principle an aligned strategy with the Environment Agency in respect of pumping stations and flood risk.
3. Ambitiously realise the potential in our people and value in our information and property.	91% of in year target achieved with long term objective ongoing. The management development programme established to develop the necessary skills in our people will continue into the coming year. The first phase of the replacement geographic information and reporting system (Inferis) has gone live and work has commenced with delivering the second phase. The current volumes of information report sales and contribution are on plan but the new commercial products are performing below targets. The geothermal pilot project at Dawdon is ongoing. A strategy for smaller size wind turbines to be installed at our sites is being pursued.

Our Operations

A Review of the Year

This review details the main activities that we have undertaken during the year and sets out our plans for the coming year.

Our Operations

Our operational activities protect the public and the environment, provide access to information that we hold and manage our property portfolio. A summary of the financial results for each of our functions is given in Note 2 and Note 16 to the Financial Statements.

Public Safety and Subsidence

In conjunction with Mines Rescue Service Limited, we provide a 24 hour, 365 day emergency response service to reports of hazards associated with former coal mines in order to protect the public.

At the beginning of the year we implemented a set of revised key performance indicators (KPIs) for the way we respond to reported hazards. These are based on a matrix which assesses the potential risk to the public and has enabled us to provide a more effective and efficient service. We continue to respond immediately to reports of hazards where there is a serious risk to public safety or property. 13 occurrences were deemed an emergency requiring an immediate response and 225 were a priority with a four hour response time.

In total we received notification of 368 (2010-11: 289) surface hazards associated with former coal mine workings during the year. We also received a further 126 (2010-11: 291) notifications relating to general potential coal liabilities. The change in these figures reflects both a modification in the classification of notified incidents and a 15% reduction in the number reported in the year. The acceptance rate for all projects was 44% (2010-11: 41%).

We also deal with claims for damage to property and land in respect of coal mining subsidence under the Coal Mining Subsidence Act 1991.

The number of claims received during the year for alleged coal mining subsidence damage totalled 477 (2010-11: 401).

345 claims were received from owners of domestic residential properties (2010-11: 245), the remainder being associated with public bodies and commercial and agricultural operations. The increase in the number of domestic claims was mainly due to the more active approach we have adopted in respect of our mine entry inspection programme referred to below. Acceptance rates for domestic properties for the year was 10% (2010-11: 11%) and for non-domestic claims 59% (2010-11: 55%).

We resolved 548 claims (2010-11: 509).

Expenditure on public safety and subsidence and the mine entry inspection programme amounted to £7.5 million (2010-11: £7.3 million) which includes efficiency savings of £1.2 million. The increase in actual expenditure was due to the increase in the number of claims accepted and the complexity of work required to be carried out.

We spent £0.6 million (2010-11: £0.6 million) on the management and maintenance of 41 tips and associated structures in our ownership during the year. Works continue to be undertaken in South Wales to upgrade and refurbish tip drainage due to the effects of adverse weather.

All of our tips, associated structures and lands continue to be subject to a rigorous inspection and monitoring programme to protect the public and the environment. Telemetry is used to remotely monitor a number of our sites and it is planned to install updated systems to facilitate greater remote viewing of this data in 2012.

Major projects occuring during the year included:

- **Station Avenue, North East**
  A catastrophic shaft collapse under the rear extensions of two terraced properties occurred in July 2011 at Fence Houses in the North East. This led to the evacuation and immediate demolition of the extensions to make the site safe. Subsequent site investigations proved a 90 metre deep shaft. The shaft has been drilled, grouted and capped.
- **Crusader Avenue, Glasgow**
  In August 2011 there was a collapse of a recorded mine shaft on land between two semi detached residential properties. Following the immediate evacuation of the four properties and subsequent concerns about further ground movement all four properties were demolished to facilitate investigation and treatment. The site posed significant risk and drilling of the collapsed shaft and another adjacent shaft identified substantial voids in both.
- **Gleision Mine, South Wales**
  Our engineers and contractors provided advice, assistance and support to the emergency services involved in the Gleision incident in September 2011. Four miners were fatally injured underground as a result of an inrush of water into the mine workings. The mine has subsequently been closed with the mine entries being sealed.
- **Briar Drive, Glasgow**
  A collapse to the rear of a row of four terraced houses occurred in October 2010. The properties were evacuated and the subsequent investigations revealed an unrecorded mine shaft. We prepared a scheme to pile, grout and cap the shaft without disturbing the properties. Following completion of the shaft works, the owners returned to their properties in January 2012.

Mining Information

Mine Entry Inspections

We have continued with our programme of residential mine entry inspections. Approximately 19,000 residential properties have been identified that have one or more shafts on or immediately adjacent to the property boundary. We have written to 17,500 properties to date and have inspected 15,200 mine entries on residential properties. Less than 0.5% of the mine entries inspected required further research or work to investigate structural issues that were identified.

We will complete the residential inspection programme by July 2012 and will continue undertaking inspections in the urban environment.

In total, some 57,000 inspections have been carried out in Britain and we plan to complete a further 18,000 inspections during 2012-13. We are also working to inform local authorities, landowners and major property owners in relation to mine entry risks. We will maintain these relationships to ensure that owners contact us immediately should a potential structural issue associated with mine entries be identified.

We have developed a reasonable and proportionate risk-based approach to our future re-inspection programme which will commence during the course of this coming year. We will manage this programme having regard to our own specific statutory duties.

There are still some 120,000 mine entries to inspect. By disseminating information and pressing ahead with the current inspection programme we will work to minimise the coal mining risk presented to members of the public.

Planning

We continue to provide early and effective consultation responses to emerging Local Development Frameworks/Plans and the planning policy making processes including active participation at public planning hearings. We have reviewed our internal statutory consultation procedures to ensure the overall administration process is as lean as practically possible. We have responded to 554 (2010-11: 737) consultations during the year with 338 (2010-11: 357) being substantive responses to ensure that the legacy of coal mining activities are taken into account and where relevant, surface coal resources are safeguarded. It is anticipated that this number will rise next year as the English local planning authorities consider the format of their adopted and emerging policy documents.

We have published "specific coal mining risk plans". These are coloured plans illustrating the mining legacy features which make up the previously published black and white "coal mining development referral areas plans", and have been supplied to coalfield local authority building control services.

The risk based approach to development management which uses the coal mining development referral areas has been introduced, and is operating across all 179 coalfield local planning authorities. During 2011 a pilot phase was undertaken in Scotland prior to the evaluation, launch and implementation across the Scottish coalfields to complete the introduction. This process focused upon the 15% of the coalfields where the legacy of coal mining is a locally distinctive issue and requires full consideration of the risks before carrying out development.

We continue to provide site specific responses to 3,513 (2010-11: 947) planning applications in accordance with the duties of a statutory consultee. It is anticipated that this number will continue to rise over the next year.

We have now actively shared coal mining information with several major organisations, all coalfield local authorities as property owners/managers to ensure they are aware of the potential risks affecting their property, and more recently the emergency services. This collaborative work is facilitating the assessment of any potential risks and helping to identify any features or hazards that require our attention.

Collaboration with the British Geological Survey (BGS) has enabled the development and launch of an interactive GIS web viewer which allows users to zoom into sites and see coal mining information in a different way. Additional information will be made available through the viewer as it becomes available in the future.

Property Search Service

We continue to provide information on past, present and future coal mining activity for any individual property or site in Britain. In January 2012 we successfully launched our replacement system providing for a more efficient reports service for our customers. Drawing on a unique database of coal mining information we operate in line with the Authority's published quality assurance and compliance standards.

There was a modest 4% increase in the demand for property searches with 245,706 searches sold during the year. 87% of searches were returned within one working day of receipt (target 90%) and 99% within five working days (target 98%). Our response within one working day target was not met due to the work required to develop our successor geographic and information system. By the end of the year 97% of searches were being ordered and returned electronically (target 95%).

We continue to provide our customers with a variety of products including the "Ground Stability Report" and "Enviro All-in-One" which is a combined coal mining ground stability, flood and contaminated land risk screening report for the residential market, developers and their professional advisers.

Licensing Activities

Licensing

Indigenous coal continues to be a major energy source for electricity generation as can be seen from the continuing demand for coal mining licences and agreements for underground and surface mining. Industry statistics are set out on page 83. Our licensing team inspect operational sites on the basis of risk.

Tata Steel UK continues to progress its feasibility for a new coking coal mine at Margam, South Wales. Specialist consultants have been engaged to assess all the factors needed to develop a new mine and dialogue continues with stakeholders.

Following a competitive application process we granted a conditional underground licence to Ocean Coal Limited to potentially develop a new underground mine to the east of Tata Steel's Margam prospect.

With the increase in the efficiency of heat pump technology and the growing emphasis on renewable energy, the possibility of extracting heat from water located in our abandoned mine workings continues to be explored. We granted a further three access agreements to operators during the year to further develop this concept.

A thorough review of the licensing process was undertaken during the year, the results of which are being implemented to improve the service to stakeholders. Revised Guidance Notes for Applicants have been introduced to rationalise the amount of information to be provided.

Permissions

Our written permission must be obtained before any form of activity is undertaken which may disturb our coal interests to ensure that the necessary risk assessment of water, gas and ground stability is carried out. We seek indemnification against any liability arising out of such activities by the permit holder.

We received 782 applications during the year (2010-11: 770). Although there was only a slight increase in the number of applications compared to the previous year, we expect that the demand will continue to grow as a result of our work on promoting prior coal extraction principles and in providing local authorities, major land owners and other bodies with coal mining information to increase their understanding of the risks and the benefits of coal removal.

Environment and Property

We operate 62 mine water treatment schemes throughout Britain of which 45 remediate existing discharges and 17 prevent new discharges from coal mine workings. These schemes prevent over 4,000 tonnes per annum of iron discharging into water courses thereby improving and protecting the nation's rivers and streams. Some also serve to protect important sources of drinking water.

We completed construction of two schemes during the year namely Horden 2 at Peterlee in County Durham and Chell Heath Road near Stoke on Trent. Both schemes are fully operational. A small research facility was also installed in Saltersford, Leicestershire.

Construction commenced at two schemes in Lancashire, Down Brook and Summersales. Once complete, in mid 2012 they will remediate over 4km of previously polluted watercourses. A similar scheme at Sheephouse Wood in South Yorkshire will protect the Underbank Reservoir near Stocksbridge.

Refurbishment projects during the year focused on the construction of purpose built sludge drying facilities at Blenkinsopp and Bates in Northumberland and Frances in East Fife, Scotland. The sludge handling facilities will significantly reduce the costs associated with handling waste ochre.

A pump test at Cannock Wood, Staffordshire was carried out during the latter part of the year. The test assessed the quantity and quality of mine water which needs to be pumped within this part of the coalfield. Following completion of the test in mid 2012, a full scale treatment facility will be constructed and will protect the drinking water supply in the area.

Whilst the number of schemes has increased we continue to seek operational efficiencies to minimise the costs associated with running schemes. Cost savings for the year amounted to £1.0 million.

The year has seen the Authority significantly diversify its environmental improvement work to include non-coal mine water. A clause included in the Energy Act 2011 saw our powers widened to enable us to deal with non-coal mine water projects when the necessary funding is made available.

In April 2011, Defra announced that £10.0 million funding will be made available to us to deliver a non-coal mine water treatment programme in England over four years in partnership with the Environment Agency. We have carried out a series of feasibility studies and preparatory works during the first year of the programme which will enable the build of the first scheme in the programme, at Salburn Gill, North Yorkshire. Further works and studies will take place throughout 2012-13 to develop schemes in England.

We now also manage the operations of the Wheal Jane mine water treatment facility in Cornwall. The site was originally built in 1994 following an uncontrolled outbreak of contaminated mine water from the disused tin mine. An innovative de-gassing solution was installed during the year and an interpretive study of water levels throughout the mining area was completed. This work will assist in developing efficiencies in the operation of this facility.

In Scotland a scoping study on the former Leadhills mine in South Lanarkshire was completed for the Scottish Environment Protection Agency (SEPA). A further application to the SEPA Restoration Fund for the Wanlockhead catchment was successful and the study will be completed in early 2013.

We are also working with the Environment Agency in Wales on a solution for discharges from a number of metal mines. An approach to the Welsh European Funding Office for Finance to progress the three sites was successful and work to finalise the necessary match funding is ongoing with the Environment Agency Wales, with an anticipated programme start during 2012.

We hold 1,503 hectares of operational and non operational land. During the year we have disposed of land at Caerau and Taff Merthyr in South Wales and in Northumberland. These disposals produced capital receipts of £8,000, compared with £57,300 for 2010-11.

Income from clawback and the variation of restrictive covenants was expected to be adversely affected in this financial period due to poor market conditions. However, this has not been borne out, as we achieved receipts for the year of some £975,000 compared to £1,143,000 for 2010-11.

We have continued to negotiate for the acquisition of land for mine water treatment schemes and monitoring sites and have secured a long term lease on land at Saltburn Gill, North Yorkshire.

We have continued to work with private sector companies to exploit the potential for renewable energy utilisation from wind within our estate.

As part of our strategy to drive down costs we have, during the year, consolidated our office space utilisation, therefore freeing up accommodation on our office site, part of which we have let to the National Health Service and the Environment Agency. Further diversification of the site occupation is a key aspect of the Authority's forward vision.

Future Activities

We remain committed to providing new innovative value for money solutions in order to enhance the level of effective and efficient services provided to our stakeholders.

In the coming year we will look and review the way in which we work in order that all our staff can actively contribute to delivering innovation in all areas of our business.

Our Corporate Plan 2012-13, which is available on our website at www.coal.decc.gov.uk, sets out our objectives which are summarised below:

1.	The safety of the public protected from historic coal mining.
1.1	All Authority teams working together to develop and implement Phase II of the new IT system and derive business benefits through changes to working practices.
1.2	Complete 18,000 residential, urban, rural and re-inspections in line with published programme.
1.3	Embed better regulation principles and target the developer market to identify and increase permit applications.
2.	Water affected by mining in England, Scotland and Wales protected and improved to "good" status.
2.1	Invest £6.0 million of capital spend in the development and construction of coal mine water treatment facilities throughout the United Kingdom.
2.2	Deliver the non-coal mine water programme in England, Scotland and Wales to the standards and expectations of Defra, EA and SEPA.
2.3	Environment and Procurement to recommend options for operating water treatment schemes.
3.	Stakeholders are aware of mining information to make informed decisions and value is created for the Authority.
3.1	Deliver cost effective public task products by delivering business benefits from Phase I of the IT system implementation.
3.2	Qualify value opportunities including non-coal mining and risk reports and, subject to business cases, commence development.
3.3	Launch interactive viewer so the public can access information.
4.	Be the expert and deliver well. Deliver good customer satisfaction.
4.1	Meet the expectations of Defra (as 2.2 above). Public Safety and Subsidence to examine best practice claims handling.
5.	Deliver good value and proportionate risk management.
5.1	Environment, Safety Health and Environment, Finance and Procurement to deliver £250,000 savings from the mine water scheme portfolio whilst ensuring compliance with regulatory water discharge consents.
5.2	ICT and Procurement to deliver IT Service Contract solution by December 2012 that enables administrative cost budget to be met.
5.3	Prepare the building for letting of remaining floors, market using Government Property Unit and private sector to sign up tenants and live within administrative budgets.
6.	Deliver safely and preserve the environment.
6.1	With visible senior management commitment and working closely with operational teams, develop and implement an action plan that delivers positive behaviours, collaboration and a desire for continual improvement.
6.2	Achieve the Authority's environmental objectives in sustainable procurement and to improve its environmental performance.
7.	Grow expertise through Research and Development, people development and partnerships.
7.1	Public Safety and Subsidence and Environment in collaboration with the Research and Development Co-ordinator to establish Research and Development programmes to improve the Authority's understanding of subsidence, public safety, mine water treatment and geothermal energy.
7.2	Demonstrably improve the wellbeing of our staff through people development and positive engagement.

Innovation

We continue to seek innovative new solutions to resolve the problems associated with the mining legacy for which we are responsible.

Projects that we are involved with include:

- Successfully piloting an automated back wash filter for six months at our Acomb mine water treatment scheme in Northumberland. This unit provides a low cost, small scale alternative to the more conventional lagoons and reed beds used at existing schemes. It is proposed to undertake a full scale trial of this technology in the coming year.
- Working with the Health and Safety Executive, the British Drilling Association and the Association of Geotechnical and Geoenvironmental Specialists we produced guidance on managing risks of hazardous gases when drilling near coal, which was published in March 2012.
- The development of a coal mining risk map accessible by post code that will be available to access via our website in June 2012.
- Being appointed by Defra in January 2012 to manage the non-coal mine water research programme.
- Sponsoring PhD studies at British Universities to develop new technologies for treating mine water.
- The continuing sponsorship of the production of Ciria publication RP940 – Abandoned Mine Workings Manual – which will replace the Ciria Special Publication SP32 Construction Over Abandoned Mine Workings. It is hoped that the final document will be published by the end of the coming year.
- Working on a project that provided time series data on subsidence movements calculated from satellite data. The project identified that satellite data is better suited for trends over large areas, and in particular showed that there appears to be correlation between rising mine water and ground heave. This could assist with identifying rising mine water in areas of no monitoring or for highlighting areas where monitoring boreholes are required.

Crusader Avenue, Glasgow – remediation works

Financial Review

Cash Flow

The net cash outflow (before financing activities) during the year was £28.6 million, a decrease of 7% on the previous year (£30.8 million). This was financed by £26.3 million grant in aid (2010-11: £33.0 million) resulting in a decrease in cash balances of £2.4 million (2010-11: increase of £2.2 million).

Net cash outflow from operating activities amounted to £21.5 million (2010-11: £23.8 million). The constituents of operating cashflow are:

- Cash expenditure managing legacy liabilities included within the Authority's provision balance of £17.2 million (2010-11: £16.3 million). The provision balance is an estimate of the future expenditure relating to legacy liabilities to be managed by the Authority. The increase in spend against the provision compared to the previous year is primarily due to the settlement of a liability for opencast site rehabilitation;
- Income received of £12.5 million (2010-11: £9.5 million), primarily from mining report sales of £8.4 million, but also reflecting the new income stream for environmental technical services of £2.3 million;
- Cash based administration costs, including salaries, of £15.2 million (2010-11: £16.3 million);
- An outflow from working capital of £1.6 million (2010-11: £0.7 million outflow).

Net cash outflow from investing activities at £7.1 million is broadly in-line with that of the previous year (2010-11: £7.0 million). The constituents of cashflow relating to investments are:

- Cash purchases of property, plant and equipment at £7.3 million (2010-11: £6.2 million) being driven by the Authority's commitment to environmental improvement through the development and build of mine water treatment schemes;
- Expenditure on intangible assets of £0.8 million (2010-11: £2.1 million) relating to the ongoing development associated with the replacement of the Authority's information system, which is due to complete during 2012-13. The first phase of the new system to support the provision of mining reports was completed and successfully went live during 2011-12;
- Proceeds from the sale of property at £1.0 million were slightly lower than in the previous year (2010-11: £1.2 million).

Net Expenditure

Net expenditure for the year to 31 March 2012 was £2.7 million (2010-11: £50.0 million). This is analysed as follows:

- Staff costs at £6.4 million (2010-11: £9.4 million), decreased following a phased reorganisation of the Authority effective 1 April 2011, with £1.9 million being accrued during 2010-11 in respect of reorganisation costs and £1.1 million reduction in cost being driven by reduced staff numbers;
- Other expenditure of £8.8 million (2010-11: £6.9 million). This increase is primarily incremental expenditure incurred in the treatment of environmental issues relating to abandoned metal mines, as the Authority looks to innovate and take advantage of opportunities enabled by changes to its powers under the Energy Act 2011. This expenditure has predominantly been incurred undertaking feasibility studies for future development of metal mine water treatment schemes and on operational costs associated with the Wheal Jane scheme, which was transferred to the Authority on 1 Apri 2011. These incremental costs are off-set by the new income stream for environmental technical services;
- Adjustments reducing provisions by £3.5 million (2010-11: £41.0 million increase). As further explained below and in Note 16 to the Accounts this non-cash credit arose from a detailed review of the assumptions and trends that feed into the provision calculation;
- A devaluation of investment properties during the year of £0.2 million (2010-11: £0.1 million revaluation) and depreciation, amortisation and revaluation of other non-current assets at £4.2 million (2010-11: £3.5 million);
- Income for the year was £13.3 million (2010-11: £10.6 million). Income from activities at £12.5 million increased by £3.0 million (2010-11: £9.5 million), primarily due to a new environmental technical services income stream for the feasibility, build and operation of metal mine water treatment schemes of £2.3 million. Licensing income was £0.4 million greater than prior year, mining reports volumes increased by 3% (2011-12: 245,000 reports, 2010-11: 237,000 reports) providing a £0.2m uplift in income and other services provided an additional £0.1 million of income;
- Profit on disposal of fixed assets of £0.9 million (2010-11: £1.1 million) arose mainly from restrictive covenants and clawback;
- Grant In Aid received from DECC is credited directly to tax payers equity and not recognised as income.

The retained deficit for the year amounted to £21.3 million (2010-11: £67.8 million), and is after charging the Statement of Comprehensive Net Expenditure with £18.7 million for the unwinding of the discount on the provisions (2010-11: £17.8 million). This is a non-cash item. The provision is discounted to reflect the time value of money and the discount is unwound every year.

Statement of Financial Position

At 31 March 2012 net liabilities were £827.5 million (2011: £837.3 million).

Total non-current assets increased by £7.0 million to £87.2 million. The main movements within this balance are outlined below:

- Property, plant and equipment increased by £8.4 million to £80.2 million (2011: £71.8 million). Capital expenditure on PPE (including capital accruals) amounted to £7.3 million relating predominantly to the construction of mine water treatment schemes, plus an addition of £2.0 million for a cross-government asset transfer of the Wheal Jane mine water treatment scheme. This expenditure is offset by depreciation and revaluation adjustments amounting to £0.9 million.
- Investment properties decreased by £0.3m to £0.9 million (2011: £1.2 million) primarily due to a revaluation of the property portfolio reflecting current market conditions and pricing;
- Intangible assets increased by £0.1 million to £6.0 million with expenditure on intangible assets of £1.1 million relating to the development associated with the replacement of the Authority's information system, offset by disposals, amortisation and revaluation charges during the year of £1.0 million;
- There are no other receivables as at 31 March 2012 (2011: £1.2 million). The prior year balance related to operating lease costs included within provisions that were due to be reimbursed. These liabilities have been discharged during 2011-12 following the re-assignment of these operating leases.

Total current assets decreased by £1.8 million to £5.6 million, primarily due to a decrease in cash balances to £1.1 million (2011: £3.4 million) held by Government Banking Services.

Total liabilities decreased by £4.6 million to £920.2 million (2011: £924.8 million). This movement is driven by the decrease in provisions from £915.0 million to £911.0 million. Of the £911.0 million provisions balance, £25.7 million is classified as a current liability.

Provisions reflect an estimate of future expenditure relating to the legacy liabilities that the Authority will manage over certain time periods. For tip management, subsidence and surface hazards this period is 50 years and for subsidence pumping stations and mine water treatment schemes it is 100 years. Detailed assumptions based on experience and trends support the estimates, however they remain estimates and contain significant uncertainties. Note 16 to the Accounts illustrates the high level of sensitivity of the provisions balance to trends, assumptions and changes to the discount rate.

A detailed annual review has been completed and movements in provisions accordingly transacted in the period. The decrease in provisions during the year is primarily due to a reassessment of expenditure for mine water treatment schemes, reflecting the achievement of cost savings to date in estimated future cashflows and the settlement of a liability for opencast site rehabilitation.

Ffos-y-Fran land reclamation scheme, South Wales

Going Concern

The balance sheet shows net liabilities of £827.5 million at 31 March 2012. This reflects the inclusion of future expenditure for liabilities falling due in future years which, as explained above, cover periods of 50 and 100 years into the future. To the extent that they are not met from our other sources of income, they may only be met by future grants or grants in aid from our sponsoring department, DECC. 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 Authority such amount as he may determine to be the amount required by the Authority for the carrying out during that year of its functions under this Act".

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

Outlook

The Authority is entering the second year of its current four year spending review settlement through to 2014-15. The settlement for 2012-13, although challenging, will allow the Authority to continue to deliver against its vision and mission of proudly delivering innovative services, working together to protect the public and the environment in mining areas, now and for future generations.

The settlement for the outer years remains challenging, in particular to deliver against targeted administrative savings in the final year of the settlement. The Authority will continue to review its risk appetite and seek further efficiency savings, building on the realised cost savings following the reorganisation, as well as efficiency savings of £2.4 million delivered in the first year of the settlement.

Accounting Officer's Report

The Authority presents its report and audited financial statements for the year ended 31 March 2012. The Accounts have been prepared in a form directed by the Secretary of State with the consent of the 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.

Functions, Duties and Powers of the Coal Authority

The Authority was established by the Act and became a legal entity on 19 September 1994: it assumed its functions on 31 October 1994. These functions are set out at www.coal.decc.gov.uk but are essentially with respect to the coal industry and the management of interests inherited from British Coal Corporation, licensing of coal mining operations and dealing with coal mining subsidence and providing information.

Review of Operations

The Chief Executive's report on pages 6 and 7 gives a summary of the Authority's activities during the year and the future outlook.

Supplier Payment Policy

The Authority observes the principles of the Better Payment Practice Code and aims to pay valid invoices within 30 days of receipt or as agreed with suppliers. In the year ended 31 March 2012, this was achieved for 99% of invoices.

Board Members and their Interests

The Board Members who served during the period and are currently in place are:

Stephen Dingle, MA (Oxon), ACIB (Non-Executive Member)

Appointed as Board Member from 1 May 2008 – 30 April 2011

Re-appointed as Board Member to 30 September 2014

Paul Frammingham, BA (Hons), ACMA

Attended the Board from 6 May 2008 – 31 March 2011

Appointed as Board Member from 1 April 2011 – 31 March 2014

Patricia Henton, BSc (Hons), FGS, CGeol, FCIWEM, FCIWM, FRSE (Non-Executive Member)

Appointed as Board Member from 1 October 2010 – 30 September 2013

Philip Lawrence, BSc (Hons), ACA

Appointed as Board Member from 9 November 2006 – 31 March 2008

Re-appointed as Board Member to 31 March 2011

Re-appointed as Board Member to 31 March 2014

Helen Mounsey, PhD, BSc (Hons) (Non-Executive Chairman)

Appointed as Board Member from 7 November 2002 – 31 October 2007

Appointed as Chairman Designate 1 July 2007

Appointed as Chairman 1 October 2007 – 30 September 2010

Re-appointed as Chairman 1 October 2010 – 31 March 2013

Stephen Pennell, FIOD

Appointed as Board Member from 9 November 2006 – 31 March 2008

Re-appointed as Board Member to 31 March 2011

Re-appointed as Board Member to 30 June 2013

Stephen Redmond, MCIPD (Non-Executive Member)

Appointed as Board Member from 1 March 2010 – 30 September 2013

Simon Reed, PhD, BSc (Hons), MBA, CEng, MIMMM

Attended the Board from 1 January 2010 – 31 March 2011

Appointed as Board Member from 1 April 2011 – 31 March 2014

Ian Wilson, FRICS

Appointed as Board Member from 26 November 2002 – 31 March 2005

Re-appointed as Board Member to 31 March 2008

Re-appointed as Board Member to 31 March 2011

Stood down from the Authority on 30 April 2011

Details of members' terms of appointment and service contracts are provided in the Remuneration Report.

No Board member of the Authority has any financial interest in the Authority. A Register of Interests is maintained which is open to the public to view at the Authority's Mansfield Office or can be accessed at www.coal.decc.gov.uk. Any related party transactions are provided in Note 21 to the Accounts.

Authority's Executive Leadership Team

The Executive Leadership Team comprised:

Mr P J Frammingham	Director of Finance and Corporate Services
Mr P J Lawrence	Chief Executive
Mrs L Lax	Head of Human Resources and Organisational Development
Mr S Pennell	Director of Information and Systems
Dr S M Reed	Director of Operations

Donations

The Authority made no political or charitable donations during the year.

Employee Involvement

The Authority is committed to engaging with staff throughout the business. The Authority had a Staff Liaison Group and a Staff Consultation Group. The former dealt with non-contractual staff matters and the latter was the forum for consultation with management on pay and conditions of employment. Future employee involvement is under consideration with staff.

Employment

The Authority is committed to equal opportunities. 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.

The Authority seeks to attract and retain high calibre employees. Opportunities for training are given high priority to ensure that all individuals can contribute to their own career development.

Pensions and Other Post Retirement Benefits

Former and current employees who have chosen to join are covered by the provisions of the Principal Civil Service Pension Scheme which is an unfunded multi-employer 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 Report and Note 3 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. No other services were provided and the audit fee was £45,000.

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 he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

P J Lawrence
Member, Chief Executive and Accounting Officer, 19 June 2012

Maltby Colliery headgear, South Yorkshire

Corporate Social Responsibility

Our People

In what has been a challenging year, where we have seen a 17% reduction in the workforce, our people have risen to the challenge to deliver efficient services and meet the challenging corporate objectives set by the organisation.

With the implementation of the new organisational structure on 1 April 2011, we now have 135 people employed at 31 March 2012 (not including Non-Executive Board Members and vacancies). We have been in a transitional period for the last twelve months that has seen our people settle into their new roles, help embed a new IT system whilst also implementing new ways of working that create greater efficiencies for the organisation. The Executive Leadership Team are very conscious of how difficult the last year has been for our staff and they are very grateful for the continued commitment and professional approach that has been demonstrated throughout the year.

We have looked to use the principles of our Investors in People (IiP) accreditation by seeking to improve engagement with our people. Learning and development continues to play a key role in developing the desired culture change we are looking for and a management development programme has been designed that not only considers the 'what' we want our managers to do but also 'how' we want them to do it.

The last year has seen our line managers become more involved in the corporate planning process. Our corporate objectives, which are developed to deliver our corporate plan, are cascaded down within the organisation through the teams to the individual team members. This cascading approach enables each individual member of staff to have an understanding of how they support and assist in meeting the corporate objectives.

The focus in the coming year is to continue with the change in organisational culture whilst ensuring that performance is effectively managed with the focus being placed on the wellbeing of our staff. A recent wellbeing survey is to be used as a tool that line managers can utilise to drive the wellbeing agenda forward and encourage staff to share ideas.

We will continue to encourage our people to share ideas, consider new ways of working and take responsibility for their own performance and development.

The sickness absence for the year was 1.57% (4.03 days per person) compared with 1.41% (3.57 days per person) the previous year (and excluding long term sick).

Safety, Health and Environment

Our safety, health and environment team provide advice and assistance to our organisation to ensure that these issues are considered in every aspect of our activities.

The adoption of best practice to ensure legal compliance is our prime objective. Health,

Operations at Mansfield headquarters

safety and environmental management systems have been developed to achieve this objective and these are continually reviewed and updated.

Health and Safety

The Health and Safety Management System has undergone a complete review to ensure that it reflects the revised organisational structure and was rolled out to our people during the year.

The Safety, Health and Environment Management Group is responsible for the development, implementation and management of the Health and Safety Management System. From this Group a number of working parties were established to concentrate on specific issues including communication and working around mine entries.

A benchmarking exercise was undertaken in January 2012 during which an auditor from the British Safety Council reviewed our systems to establish our level of compliance with health and safety legislation and best practice. The results have enabled us to focus on areas where issues were identified.

The competence of our staff was enhanced by an extensive programme of safety, health and environment training which will be continued in the coming year.

Environment

Our mine water schemes prevent 4,000 tonnes of iron discharging annually into water courses thereby improving the nation's rivers and streams.

We have updated our climate change action plan during the year to reflect our new organisational structure.

Work is ongoing with undertaking a biodiversity study on three of our existing mine water treatment schemes, the results of which will lead to the development of a new methodology to enable the biodiversity impact to be factored into the cost benefit analysis model for new mine water schemes.

We have planted 400,000 trees on disused tips along with over 40,000 shrubs and have sown 30 hectares of heathland and 500 square metres of wildflowers.

The demonstration trial of water sourced heating at Dawdon identified the need to change the design to enable a more consistent process for heat generation. A revised more efficient trial system has been developed and will be installed in the coming year. It is hoped that it will demonstrate the potential associated with pumped mine waters.

We have also granted a further three access agreements to operators during the year to develop the concept of extracting heat located in abandoned coal mine workings.

Wind generation continues to be considered for installation at our sites and we intend to install hydro electric power on one of our existing mine water treatment schemes during 2012-13.

A large scale trial has been in operation since September 2011 using the ochre produced at Dawdon in the manufacture of bricks. The trial is proving successful and it is planned to use ochre from other mine water treatment schemes for brick manufacture in the coming year.

The CRC Efficiency Scheme (CRC) is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. The CRC league table was published by the Environment Agency at the end of 2011 and we were ranked 334 out of 1,301 organisations.

Our Environmental Review for 2011-12 is attached at Appendix 2.

Chell Heath mine water treatment scheme, Staffordshire

Health, Safety and Environmental Audits

We carried out 46 health, safety and environmental audits during the year (2010-11: 67) to assess contractor performance. These audits confirmed that the level of performance expected of contractors was in the main being delivered.

Further information is available on our website which also contains a copy of the Annual Health and Safety Report for 2011-12.

Local Community and Charity

Our staff organised two fundraising events during the year for charities which raised a total of £327 (2010-11: £965).

Remuneration Report

Introduction

This report has been prepared in accordance with the Government Financial Reporting Manual. The report is made by the Accounting Officer on behalf of the Board on the recommendations of the HR & Remuneration Committee.

The HR & Remuneration Committee

The Authority has an established HR & Remuneration Committee whose membership comprises all of the Non-Executive Directors and the Chief Executive. The HR & Remuneration Committee has terms of reference approved by the Board and is responsible for determining and keeping under review the performance related pay structure for all staff of the Authority and approves the Pay Remit for submission to the Secretary of State for DECC. The Committee's Terms of Reference prescribe that the Chief Executive shall not be present when his remuneration and conditions of employment are being considered. They also annex an Annual Cycle of Business and require a minimum of two meetings per year. During the year the Committee's members were: Stephen Redmond (Committee Chairman), Dr Helen Mounsey, Stephen Dingle, Patricia Henton and Philip Lawrence.

Remuneration Policy for the Executive Directors

With the exception of the Chief Executive, the Executive Directors' remuneration is determined via the Pay Remit process approved by the Secretary of State. The HR & Remuneration Committee review and make recommendations about the remuneration of the Chief Executive which is formally determined by DECC. The Committee has followed Senior Civil Service Guidelines and proposed no increase in the Chief Executive's salary from 1 April 2012.

Performance Management System

The Executive Directors participate in the Authority's Performance Management System. Individual assessments are made by the Chief Executive and Chairman and reviewed by the HR & Remuneration Committee. Appraisal of individual performance is based on the achievement of defined objectives which are assessed against four performance scores. Non-contractual, non-pensionable performance related pay (PRP) is earned based on corporate, team and individual performance against objectives.

PRP payments relating to 2011-12 performance are subject to obtaining approval, via the Pay Remit process, from DECC. It is currently anticipated that the 2012-13 Pay Remit will be submitted by 30 June 2012.

Executive Directors' Contracts

It is the Authority's policy that Executive Directors should have contracts with an indefinite term providing for six months notice.

The details of the Directors' contracts are summarised in the table below:

Directors Contracts	Date appointed as Director	Notice Period
Mr P J Frammingham	6 May 2008	6 months
Mr P J Lawrence	2 May 2006[1]	6 months
Mr S Pennell	17 January 2005[2]	9 months
Dr S M Reed	1 January 2010[3]	6 months

1 appointed Chief Executive with effect from 1 January 2007
2 commenced employment with the Authority on 31 October 1994
3 commenced employment with the Authority on 31 October 1994

The notice period to be given by the Chief Executive is six months and by the remaining Executive Directors, is three months.

Mrs S A Brook Shanahan, appointed as a Director on 1 January 1998, left the Authority on 12 April 2011 and Mr I Wilson, appointed as a Director on 5 October 2001 (commenced employment 1 October 1994), left the Authority on 30 April 2011.

The following paragraphs of the Remuneration Report have been audited.

Non-Executive Directors

To date all Non-Executive Directors have been appointed by the Department for Business, Innovation and Skills (BIS) or Department of Energy and Climate Change (DECC) (from 3 October 2008) in line with the Code of Practice issued by the Commissioner for Public Appointments. Their terms of engagement and remuneration are now determined by DECC. They are not eligible to participate in the pension schemes or receive performance related pay.

Fees Paid	Contract End Date	2011-12 £	2010-11 £
Mr S Dingle	30 September 2014	11,666	11,666
Dr B Jones[1]	30 September 2010	–	5,833
Dr H M Mounsey[2]	31 March 2013	27,050	27,050
Mr S Redmond	30 September 2013	11,666	11,666
Ms M P Henton[3]	30 September 2013	11,666	4,861

1 Figure quoted for 2010-11 is for the period 1 April 2010 to 30 September 2010.
2 The figure quoted encompasses Dr Mounsey's role as Chairman.
3 Figure quoted for 2010-11 is for the period 1 November 2010 to 31 March 2011.

Executive Directors' Remuneration

	2011-12					2010-11				
	Salary	Car Allowance	PRP 2012	PRP 2011 (Adjustment)	Total	Salary	Car Allowance	PRP 2011	PRP 2010 (Adjustment)	Total
	£	£	£	£	£	£	£	£	£	£
Mrs S A Brook Shanahan[1]	3,021	294	–	–	3,315	90,616	8,806	–	(1,418)	98,004
Mr P J Frammingham	78,890	8,806	1,696	–	89,392	78,890	8,806	2,998	(2,470)	88,224
Mr P J Lawrence	120,315	9,906	2,587	–	132,808	120,315	9,906	10,000	(1,883)	138,338
Mr S Pennell[2]	86,274	8,806	3,644	–	98,724	86,234	8,806	3,220	(2,653)	95,607
Dr S M Reed	78,890	8,806	3,392	–	91,088	78,919	8,806	7,731	–	95,456
Mr I Wilson[3]	7,551	734	–	–	8,285	90,616	8,806	–	(1,418)	98,004
Highest Earner's Total Remuneration	132,808					138,338				
Median Total Remuneration	36,641					36,164				
Ratio	3.6					3.8				

1 Mrs S A Brook Shanahan left under Voluntary Redundancy terms on 12 April 2011. A cost of £183,355 was accrued in 2010-11 and paid in 2011-12, which included the cost of buying out the actuarial reduction on her pension.
2 Mr S Pennell will leave under Voluntary Redundancy terms on 30 September 2012. A compensation payment of £203,942 was accrued in 2010-11.
3 Mr I Wilson left under Voluntary Redundancy terms on 30 April 2011. A cost of £175,505 was accrued in 2010-11 and paid in 2011-12.

Executive Directors' remuneration includes non-contractual performance related pay earned in the year and any allowances subject to UK taxation. Other than car allowance, there are no benefits in kind.

Performance Related Pay for 2011-12 relates to the amount accrued during the year under the Performance Management System (PMS). This is subject to DECC approval. The 2010-11 PRP amount paid was 100% of that accrued, with no required adjustment to be posted during 2011-12.

Performance Related Pay for 2010-11 relates to the amount accrued under the PMS as at 31 March 2011. The 2009-10 PRP amount paid was less than 100% of that accrued, therefore an adjustment was posted during 2010-11.

The Authority was subject to a reorganisation, effective 1 April 2011, resulting in a reduction in staff numbers of 29 (reported average staff numbers can be seen in Note 3). The change in median remuneration is due to taking the mid point from a reduced workforce, as the Authority was subject to a pay freeze in 2011-12.

The change in the ratio is due to reduced PRP payable to the highest earner, combined with an increase to median remuneration.

Executive Directors' Pension Entitlements

	Accrued pension at pension age as at 31 March 2011 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2012	CETV at 31 March 2011	Real increase in CETV
	£000	£000	£000	£000	£000
Mrs S A Brook Shanahan	15 – 20 plus 45 – 50 lump sum	0 – 2.5 plus 0 – 2.5 lump sum	267	267	1
Mr P J Frammingham	5 – 10 plus 0 lump sum	0 – 2.5 plus 0 lump sum	42	30	7
Mr P J Lawrence	10 – 15 plus 0 lump sum	2.5 – 5.0 plus 0 lump sum	200	154	15
Mr S Pennell	15 – 20 plus 50 – 55 lump sum	0 – 2.5 plus 0.0 – 2.5 lump sum	356	326	2
Dr S M Reed	15 – 20 plus 45 – 50 lump sum	2.5 – 5.0 plus 7.5 – 10.0 lump sum	297	272	1
Mr I Wilson	15 – 20 plus 55 – 60	0 – 2.5 plus 0 – 2.5	410	408	1

The actuarial factors that are used in the CETV calculation were changed during 2012. The CETVs at 31 March 2012 and 2011 have both been calculated using the new factors, for consistency. The CETV at 31 March 2011 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (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 individual 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.

Further information as to the terms of the schemes is given in Note 3 to the Accounts.

P J Lawrence
Member, Chief Executive and Accounting Officer
19 June 2012

Left to right: Stephen Dingle, Helen Mounsey, Stephen Redmond, Stephen Pennell, Philip Lawrence, Paul Frammingham, Patricia Henton, Simon Reed

Financial Statements Year Ended 31 March 2012

Statement of the Authority's and Chief Executive's Responsibilities

Under paragraph 15(1)(b) of Schedule 1 to the Coal Industry Act 1994 the Authority is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the Authority's state of affairs at the year end and of its income and expenditure, recognised gains and losses, and cash flows for the financial year.

In preparing the accounts the Authority is required to comply with the requirements of the Government 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 Financial Reporting Manual, have been followed and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the body will continue in operation.

The Accounting Officer for the Department of Energy and Climate Change has designated the Chief Executive as the Accounting Officer for the Authority. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding the Authority's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in "Managing Public Money".

P J Lawrence
Chief Executive and Accounting Officer
19 June 2012

Governance Statement

This Governance Statement outlines the governance, risk management and internal control arrangements in place during the year.

The Coal Authority's three high level objectives through the year were to:

Manage our coal legacy responsibly and cost-effectively – ensure public safety, good value for money and a proportionate response to the risks posed by coal legacy;

Deliver a mine water management programme in England, Scotland and Wales – meet our own water quality obligations and, as a delivery partner, assist others to meet theirs;

Ambitiously realise the potential in our people and value in our information and property – innovate our business.

This statement highlights some of the challenges faced in meeting these objectives and the risks being managed in order to achieve future objectives.

1. The Coal Authority's Governance Framework

The Authority is committed to high standards of Corporate Governance. We work within a Framework Document that is reviewed and agreed annually with the Department of Energy and Climate Change (DECC). This sets out the purpose of the Authority, the core elements of the relationship with DECC, and the framework within which the Authority will operate.

I am supported in my role as Accounting Officer by the Authority's Board and its committees as outlined below.

1.1 Board of Directors

As at 31 March 2012 we have eight Members (four Non-Executive and four Executive) appointed by the Secretary of State of DECC.

The Board had 11 scheduled meetings during the year. Additional meetings are held in person or by telephone as required.

The Board sets and communicates strategic intent and direction, makes strategic decisions that cannot be delegated and monitors and challenges corporate business performance.

A table showing attendance at these meetings and at meetings of the Audit Committee and the HR & Remuneration Committee is set out below.

Name	Board (11)	Audit (3)	HR & Remuneration (4)
Mr S Dingle	11	3	4
Mr P J Frammingham	10	3	
Ms P Henton	11	3	3
Mr P J Lawrence	11	3	4
Dr H M Mounsey	11		4
Mr S Pennell	10		
Mr S J Redmond	9	3	4
Dr S M Reed	11		

In accordance with the principles of "Open Government", Board meetings continue to be open to members of the public and media. The agendas, papers and dates of its meetings, together with the minutes of previous meetings, can be found on our website (www.coal.decc.gov.uk).

1.2 Committees

Audit Committee

The Audit Committee comprises three independent Non-Executive Directors under the chairmanship of Mr Stephen Dingle with the other members being Mr Stephen Redmond and Ms Patricia Henton. Mr Stephen Dingle has recent, relevant financial experience in line with HMT Code of Good Practice on Corporate Governance.

The Committee met three times during the year. The Committee's meetings were also attended by the Chief Executive, Director of Finance and Corporate Services, Head of Finance and the internal and external auditors by invitation. The meetings are all minuted.

The Committee has annually reviewed defined terms of reference which outline its objectives and responsibilities relating to financial reporting, internal controls, risk management and the application of appropriate accounting policies and procedures. Specific responsibilities include reviewing and recommending for approval the Annual Report and Accounts, reviewing accounting policies, reviewing risk management and reviewing the strategy and results of the external audit.

The Audit Committee has responsibility for overseeing the internal audit function including approval of the annual risk-based audit plan and monitoring the work and recommendations and effectiveness of the function. The Audit Committee continues to ensure that the Authority's risks are properly managed and that the Authority operates an effective control framework.

The Audit Committee keeps its own performance under review. Periodically it assesses itself against a number of criteria to satisfy itself that it continues to address the appropriate issues and that it has both the necessary skills within the committee and the required support from internal and external auditors. The Audit Committee is currently satisfied that it is performing in line with the Terms of Reference.

During the year the Authority's internal Auditors, PwC, have undertaken a number of reviews, including an exercise to map the levels of assurance currently in place within Coal Authority Operations in order to test the relevance and effectiveness of the design of controls. PwC have also supported the Authority by providing assurance work over key aspects of the major IT system implementation.

Based on the work that PwC have completed they believe that "there is an adequate and effective system of governance, risk management and internal control to address the risk that management's objectives are not fully achieved".

The Audit Committee, as part of its standing agenda, continues to keep key policies under review, including those that are important to the Authority in ensuring compliance with the Bribery Act 2010. Output from the exercise launched across Government by HMT on Managing the Risk of Financial Loss has been reviewed and it has been concluded that the level of controls in place are appropriate for the risk that the Authority manages.

The Committee has reviewed key accounting policies and judgements that will influence the Annual Report and Accounts including those concerned with accounting for provisions in respect of the future liability arising from past coal mining activity. These future costs are uncertain but generate the largest values posted though the Authority's financial statements.

HR & Remuneration Committee

As outlined in the Remuneration Report, membership of the HR & Remuneration Committee comprises the Non-Executive Directors and the Chief Executive under the chairmanship of Mr Stephen Redmond. The Head of Human Resources & Organisational Development attends by invitation.

During the year the Authority undertook a major change programme details of which are given later in this statement. The HR & Remuneration Committee has supported the Authority as a new organisational structure beds down and has monitored the implementation of a new Performance Management System including the review and challenge of its half and full year outputs.

Environment Committee

The Environment Committee is chaired by Ms Patricia Henton and attended by representatives for the key activities of the Authority including the Chief Executive, Director of Operations, Director of Finance and Corporate Services, and the Safety Health and Environment Adviser.

The Committee met twice during the year. It has annually reviewed terms of reference which outline its responsibilities in developing the strategic direction of the Authority in respect of environmental matters. The Environment Committee has agreed a revised set of High Level Environmental Objectives during the year and ensured that these flow down into departmental objectives and Departmental Environmental Action Plans. Progress against these objectives will be monitored and will continue to be reported in the Annual Environmental Review (see Appendix 2).

1.3 Management Teams

In addition to the Board and its committees I am supported by the following management teams:

Executive Leadership Team

The Authority's Executive Leadership Team consists of the Authority's Executive Directors and the Head of Human Resources and Organisational Development.

The Team normally meets weekly to review and discuss People, Pace and Direction.

Strategic Management Team (SMT)

The Strategic Management Team (SMT), which comprises the Executive Directors and the Heads of Department, meets at least monthly. Risk is considered by means of a major standing agenda item on a quarterly basis. The internal auditors attended these meetings by invitation. SMT members are fully engaged in the Risk Management Process and the meetings focused on risk are open and productive with a good quality of debate.

Safety, Health and Environment (SHE) Management Group

The Safety, Health and Environment (SHE) Management Group is chaired by the Director of Finance and Corporate Services and comprises the SHE Adviser, the CDM Coordinator and Operational Managers from across the Authority. This Group discusses SHE issues, addresses areas of concern, and oversees development of policy and procedures.

The focus of this Group has increasingly become behavioural safety and the challenges of working collaboratively across the Authority and with contractors to ensure a consistent application of our high standards.

2. Board Performance

Compliance with the Corporate Governance Code

The Coal Authority complies with the Corporate Governance Code and Government guidance in respect of its application in so far as is relevant and practical for an Arms Length Body of its size and complexity.

The Board monitors its performance against objectives and supports the Authority in directing its business in an effective manner including playing an active role in managing stakeholder relationships. The Chairman is responsible for leading the Board and Non-Executive Directors to constructively challenge and help develop strategy.

It is considered that the Board has an appropriate balance of skills and experience to enable it to discharge its responsibilities. As outlined below, the Board undertakes regular evaluation of its own performance and that of its Directors.

The Board ensures that a balanced and reasonable assessment of performance is reported to DECC and regularly debates the main risks facing the Authority and through the Audit Committee maintains sound risk management and internal control systems.

Executive Remuneration is determined by the HR & Remuneration Committee within the guidelines set by HM Treasury and DECC. Non-Executive Remuneration is set by DECC and reviewed annually.

Board Performance and Effectiveness Review

The Board meets to review its performance annually, and periodically does so with an external facilitator. The Board's last self assessment of performance was completed during April 2012.

Using a National School of Government maturity model the Board have ranked progress across 22 criteria as compared to a perceived ideal position, discussed gaps and identified actions to address these. In addition the Board has assessed its performance against its 2011-12 objectives which were in line with and designed to support the high level organisational objectives outlined at the beginning of this statement.

The Board considers that it has made significant progress since its last externally facilitated review two years ago. For instance, Board meetings have an increased strategic focus and Board style and dialogue have become more open.

There is scope however to improve the Board's constructive dialogue on pace, goal clarity and articulating the Board's priorities and purpose to employees. It is intended that the Board will continue to invite managers to Board meetings to present their papers and engage in discussion, and that Non-Executive Directors will continue to engage with Coal Authority teams.

It is considered that the quality of information received by the Board is of a satisfactory standard. Papers and reports are normally concise, relevant and timely. The Board receives frequent updates on the Authority's financial position, forecasts and sensitivities.

The Board has identified the strategic areas on which it intends to focus during 2012-13.

These are:

- Strategy for delivering mine water treatment operations;
- Strategy for delivering Coal Authority IT services post 2012;
- Strategy for information;
- Delivery of the next phase of the IT system implementation;
- Capability and capacity of the organisation.

3. Risk

As Accounting Officer, I have responsibility for maintaining a sound system of internal control and risk management that supports the achievement of the Authority's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Authority's Board establishes the risk appetite and tolerance and I manage risk within these tolerance levels. Appetite and tolerance is continually discussed at the Board and varies across the business.

Embedded Risk Management

As outlined, the Board discusses key business issues and has good visibility of opportunities and barriers to meeting objectives. The Audit Committee receives a risk report focusing on updates at every meeting. During the year the Risk Management Committee has been absorbed into the key management team (Strategic Management Team) and considers strategy and risks together. The SMT are joined once a quarter by PwC for a risk focused discussion. Operational and corporate services teams consider risks as part of their day job.

The risk register is kept broadly up to date with quarterly sign offs on assurance and the work of internal audit is based around risks.

It is considered that this Risk Management framework is effective and proportionate to the risks managed by the Authority.

Organisational Capability and Capacity

During early 2011 a process to reorganise the Authority was undertaken. Two thirds of the Authority's roles were put "at risk" during the process to move from an organisation of 164 staff to 135. The new organisation was designed to ensure that we become "one dynamic team, focused on outcomes and empowered to deliver", as well as to facilitate the Authority operating within a challenging spending settlement.

The new organisation demands that managers manage effectively and that timely decisions are taken at the right level in the organisation. An open culture is encouraged and silos are becoming less pronounced. Staff need to find new ways of working, stop activities that don't add value, and challenge things that inhibit delivery of objectives. Managers continue to receive support and training to facilitate this.

Inevitably this has created a significant degree of challenge for many managers and teams within the Authority as the new organisation has taken time to bed down. Most teams have been stretched, some possibly to unsustainable levels over the year. The combination of managers and staff in different or new roles and stretching objectives and milestones may have increased the inherent risk of a failure in controls. However, the reorganisation has been well managed and only a couple of instances of minor breaches of control have come to light.

Ensuring that the Authority has the right skills and levels of capability going forward to meet its objectives will remain a key challenge over the coming period.

Proportionate Controls

We continue to move towards being an organisation that accepts and manages risk rather than one that attempts to eliminate risk. As we work to live within our spending review settlement it is necessary to examine our risk appetite and the level of control required to proportionately manage our risks.

Examples of this are common across the business. For instance, during the year we have reviewed mine water pumping regimes, implemented variable hazard response times, and reviewed our licensing processes.

Noteworthy Incident

Despite the Authority's continued focus on risk management, there have been a small number of unexpected incidents in the year. The most significant of these was one where sensitive information was found to have been shared with an incumbent supplier which, if undetected, may have led to a tender process being compromised. The Authority's Anti-Fraud Response plan was invoked and appropriate action taken.

When such incidents occur lessons are learned and where appropriate controls and sources of assurance strengthened. In this case there was found to be no failure of controls and the Anti-Fraud Response plan proved to be effective. However some minor improvements to this process have since been made.

Information Risk

The Authority does not hold top secret, secret, confidential or restricted information and therefore the inherent information risk posed to Government through the Authority is low. To ensure a common and consistent approach to all risks at the Authority information security risks are subject to the same risk management arrangements as other risks. In addition, the Authority has a Senior Information Risk Owner (SIRO), currently the Director of Information and Systems, Departmental Security Officer (DSO), currently the Acting Head of ICT, and Directors and Heads of Department act as Information Asset Owners (IAOs). Information Assets are stored in a register and staff will continue to be trained in information handling to ensure all have appropriate levels of knowledge post reorganisation.

The Authority has continued to operate under its risk management policy during the year and, other than the incident outlined above relating to information being shared during a tender, I am not aware of any material beaches of security or policy or any loss of personal protected information during the year.

The Authority has a public duty to provide information to the public. Information risk management is embedded in the business in this respect.

During April 2012, in line with DECC and its other Arms Length Bodies (ALBs), the Authority undertook an Information Assurance Maturity Model (IAMM) self assessment. This assessment rates information assurance maturity across six areas scoring them from 0 to 5. The minimum acceptable level set out by the Government's Data Handling Review (DHR) is level one. DECCs current target is level two with an aspiration for DECC and its ALBs to improve on this going forward with targets to be set.

On first assessment, the Authority scored at around 90% of the level one requirement. In several instances, although processes are in place, the Authority was unable to evidence this effectively. Gaps included a need to ensure that all areas of Information Assurance are covered by current and adequately reviewed procedures and a need for greater assurance and reporting from third party suppliers.

It is not considered that the score received is indicative of a high residual risk in respect of information assurance. It is however reflective of an Authority stretched in time and resource as reported above.

The Authority has drawn up action plans to address the gaps highlighted by the review. At the time of signing off these statements, the Authority is operating at the minimum DHR requirements and expects to be working at level two of the IAMM by March 2013.

Principal Risks

Following the completion of the 2012 corporate plan, an exercise has been completed to consider the principal risks that, if untreated, could prevent the achievement of the 2012-13 corporate objectives. (2012-13 corporate objectives are outlined on pages 15 and 16 of this report.)

In line with those risks reported in the prior year's Annual Report and Accounts, we continue to manage principal risks arising from:

Insufficient resources to deliver on objectives are seen as the key threat. Business as usual activities continue to compete with the Authority's Information Systems project for resource. There are questions to on capability as we examine new models, such as different contracts for operating mine water schemes. Management have planned and constrained objectives with resources in mind and will closely manage priorities and resource allocation throughout the year.

In a time of continual change, staff motivation and capability are crucial. There is a concern about losing key staff and knowledge and the loss of "optional contribution" staff bring through being motivated and having high wellbeing. This includes the technical and managerial capability of staff and management.

Government policy could change and delay our aims, strategy and tactics. This is very relevant in ICT procurement and design, environmental regulation and data trading. We continue to monitor Government policy developments and build these into our thinking.

Financial constraints are well managed. Many actions have been identified and are being executed. However the budget challenges are acute, especially in respect of the "Administration" control total, and more savings are being sought to live within the current indicative settlement. In the medium term it is possible that the next spending review will impose even tighter targets.

Operational Risks

We continue to manage specific risks in line with our public duties that have a residual high risk rating as defined by our risk matrix. The highest ranking risk is in respect of our property causing a surface hazard which leads to an injury or financial loss. We continue to inspect our property and communicate issues to landowners.

Effectiveness of Control Environment

The system of internal 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 Authority for the year ended 31 March 2012 and, as illustrated, up to the date of approval of the Annual Report and Accounts, accords with HMT Treasury guidance.

No significant control issues have arisen in the year. Actions are ongoing to manage our risks, including high level risks. I am satisfied that the Authority's governance, risk management and internal control arrangements are proportionate, fit for purpose and working as intended.

Philip Lawrence
19 June 2012

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Coal Authority for the year ended 31 March 2012 under the Coal Industry Act 1994. The financial statements comprise: the Statement of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Coal Authority, Chief Executive and auditor

As explained more fully in the Statement of the Authority's and Chief Executive's Responsibilities, the Coal Authority and the Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Coal Industry Act 1994. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the Coal Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Coal Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

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 2012 and of the net expenditure for the year then ended; and

- 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 16 concerning the uncertainties in the likely costs in respect of the Coal Authority's liabilities for Mine Water Treatment, Public Safety and Subsidence Claims, Subsidence Pumping Stations and Tip Management totalling £896.0 million. 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 other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Coal Industry Act 1994; and
- the information given in the Financial Review, Accounting Officer's Report, Corporate Social Responsibility, and Environmental Review 2011-2012 sections 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 part of the Remuneration 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.

Amyas C E Morse
Comptroller and Auditor General

22 June 2012

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

Statement of Comprehensive Net Expenditure

Year Ended 31 March 2012

	Note	2011-12 £000	2010–11 Restated £000
Expenditure			
Staff costs	3	6,377	7,581
Staff costs – Reorganisation costs	3	–	1,852
Other expenditure	4	8,815	6,859
Adjustment to provisions	4,13,16	(3,483)	40,999
Devaluation/(Revaluation) of investment properties	4,9	185	(127)
Depreciation, amortisation and devaluation/(revaluation) of fixed assets	4	4,170	3,466
		16,064	60,630
Income			
Income from activities	5	(12,454)	(9,474)
Other income – Profit on disposal of fixed assets	5	(865)	(1,109)
		(13,319)	(10,583)
Net expenditure/(income)		**2,745**	**50,047**
Unwinding of discount on provisions	4,16	18,667	17,753
Interest payable	4	11	10
Interest receivable	5	(127)	(7)
Net expenditure/(income) after interest		**21,296**	**67,803**
Taxation	7	–	–
Net expenditure/(income) after tax		**21,296**	**67,803**
Other comprehensive expenditure			
Net (loss)/gain on revaluation of property, plant and equipment	11	(2,858)	(533)
Net (loss)/gain on revaluation of intangibles	11	(2)	9
Total comprehensive expenditure/(income)		**18,436**	**67,279**

An additional £17,184,000 of operating expenditure has been incurred during the year (2010-11: £16,306,000). This is not included within the Statement of Comprehensive Net Expenditure as it is fully off-set by the provisions utilised, illustrating that the majority of the Authority's activity undertaken within the period has been provided for in prior years. Further analysis is provided in Note 2.

Consolidated fund income is not reported through the Statement of Comprehensive Net Expenditure Account for 2011-12, in-line with the Authority's accounting policies as provided in Note 1.3. 2010-11 figures have been restated to provide meaningful comparatives, the impact being a reduction of £809,000 to income from activities and the removal of £809,000 for income surrendered to government. Consolidated fund income is disclosed seperately, with detailed analysis provided in Note 5.

Statement of Financial Position

31 March 2012

	Note	2012 £000	2011 £000
Non-current assets:			
Property, plant and equipment	8	80,227	71,806
Investment property	9	934	1,226
Intangible assets	10	6,014	5,938
Other receivables	13	–	1,183
Total non-current assets		87,175	80,153
Current assets:			
Assets classified as held for sale	9	247	147
Trade and other receivables	13	4,272	3,773
Cash and cash equivalents	14	1,057	3,423
Total current assets		5,576	7,343
Total assets		92,751	87,496
Current liabilities:			
Trade and other payables	15	(6,897)	(7,402)
Provisions	16	(25,725)	(27,221)
Total current liabilities		(32,622)	(34,623)
Non-current assets less net current liabilities		60,129	52,873
Non-current liabilities:			
Provisions	16	(885,275)	(887,779)
Other payables	15	(2,324)	(2,401)
Total non-current liabilities		(887,599)	(890,180)
Assets less liabilities		(827,470)	(837,307)
Taxpayers' equity			
Revaluation Reserve	11	4,760	2,101
General Reserve		(832,230)	(839,408)
		(827,470)	(837,307)

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

Philip Lawrence
Chief Executive and Accounting Officer
19 June 2012

Helen Mounsey
Chairman
19 June 2012

Notes on pages 47 to 81 form part of these accounts.

Statement of Cash Flows

Year Ended 31 March 2012

	Note	2011-12 £000	2010-11 Restated £000
Cash flows from operating activities			
Net (expenditure)/income after interest		(21,296)	(67,803)
Depreciation, amortisation and devaluation/(revaluation) of fixed assets	4	4,170	3,466
Profit on disposal of fixed assets	5	(865)	(1,109)
Devaluation/(Revaluation) of investment properties	9	185	(127)
Decrease/(Increase) in trade and other receivables		684	(1,859)
Decrease in trade and other payables		(356)	(807)
(Decrease)/Increase in provisions		(4,000)	44,446
Net cash outflow from operating activities		(21,478)	(23,793)
Cash flow from investing activities			
Purchase of property, plant and equipment		(7,314)	(6,151)
Purchase of intangible assets		(812)	(2,059)
Proceeds from sale of property, plant and equipment	5	988	1,200
Net cash outflow from investing activities		(7,138)	(7,010)
Cash flows from financing activities			
Grant in aid		26,250	33,000
Net financing		26,250	33,000
Net (decrease)/increase in cash and cash equivalents		(2,366)	2,197
Cash and cash equivalents at the beginning of the period		3,423	1,226
Cash and cash equivalents at the end of the period		1,057	3,423

Consolidated fund income is not reported through the Statement of Comprehensive Net Expenditure Account for 2011-12, in-line with the Authority's accounting policies as provided in Note 1.3. 2010-11 figures have been restated, removing the impact on cash flows to provide meaningful comparatives. Consolidated fund income is disclosed seperately, with detailed analysis provided in Note 5.

Statement of Changes in Taxpayers' Equity

Year Ended 31 March 2012

	Revaluation Reserve £000	General Reserve £000	Total £000
Balance as at 1 April 2010	**1,635**	**(804,663)**	**(803,028)**
Changes in taxpayers' equity for 2010-11			
Grant in aid funding – Capital	–	9,769	9,769
Grant in aid funding – Revenue	–	23,231	23,231
Transfers between reserves	(58)	58	–
Comprehensive Expenditure for the year	524	(67,803)	(67,279)
Balance at 31 March 2011	**2,101**	**(839,408)**	**(837,307)**
Changes in taxpayers' equity for 2011-12			
Grant in aid funding – Capital	–	7,899	7,899
Grant in aid funding – Revenue	–	18,351	18,351
Transfers between reserves	(201)	201	–
Intra-government Asset transfer	–	2,023	2,023
Comprehensive Expenditure for the year	2,860	(21,296)	(18,436)
Balance at 31 March 2012	**4,760**	**(832,230)**	**(827,470)**

Notes to the Accounts

Year Ended 31 March 2012

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2011-12 *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 Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 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.

1.2 Grant in aid

Grant in aid is paid to the 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 the grant in aid is received because it is regarded as a contribution from a controlling party which gives rise to a financial interest in the Authority.

1.3 Consolidated fund income

Income collected under statute in relation to licensing activities are 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 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 seperately within the notes to the accounts.

The reclassification has resulted in 2010-11 figures being restated to provide meaningful comparatives, affecting the Statement of Comprehensive Net Expenditure, Statement of Cash Flows and both Notes 4 and 5. There is no impact on the Statement of Financial Position, therefore no third Statement of Financial Position has been provided as would be required under IFRS.

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.

1.4 Property, plant and equipment

Expenditure on property, plant and equipment of £2,000 or more is capitalised. On initial recognition and whilst in construction, assets are measured at cost. Cost incurred in designing and building mine water schemes and subsidence pumping stations and bringing them into working condition for their intended use are capitalised following completion of a feasibility study and gateway review.

Except for Head Office freehold land and buildings, property, plant and equipment are carried at modified historical cost as an estimate of fair value. Modified Historical Cost Accounting (MHCA) is a basis of accounting in which fixed assets are recorded at their value to the business, usually current replacement cost. The Statement of Comprehensive Net Expenditure is charged with the proportion of the current cost of fixed assets consumed in the year. The revaluing of the assets to reflect their current value is performed by using price indices. These are obtained from the Office for National Statistics, which produce various monthly price indices for different types of assets. Any surplus arising on revaluation is recognised directly in a revaluation reserve within taxpayers' equity, except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in the Statement of Comprehensive Net Expenditure, in which case the credit is to the Statement of Comprehensive Net Expenditure.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. Assets that are subject to depreciation are reviewed at each reporting date to assess whether there is any indication that an asset may be impaired. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The Authority's property, plant and equipment are non-cash-generating and 'value in use' is deemed to be the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

Freehold land and buildings at the Authority's Head Office at Berry Hill, Mansfield are currently carried at depreciated historic cost as an approximation of fair value. An external professional valuation is undertaken every two years and should a material difference occur the carrying value will be adjusted to this valuation. The latest valuation was undertaken at the end of 2010-11.

The Authority owns a number of shafts that access abandoned mines which are of use in monitoring underground movements in water and gasses. These are held at nil value.

1.5 Depreciation

Depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold land	not depreciated
Long leasehold land	not depreciated
Freehold buildings	50 years
Furniture and fittings	10 years
IT	3 to 5 years
IT – Cabling	25 years
Plant and machinery	3 to 10 years

Subsidence pumping stations:

Pumps	25 years
Electrical switch gear	15 years
Building structures	50 years
Weedscreen cleaner	20 years

Mine water schemes:

Detail design and supervision	25 years
Civils	50 years
Pumps and chemical dosing	10 years
Control systems	15 years
Telemetry	25 years
Power supply	50 years

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

1.6 Assets and liabilities inherited from British Coal

Various assets and liabilities were transferred from British Coal 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 Authority's accounts at their net book values, as previously stated in the financial statements of British Coal, under the accounting policies adopted by the Authority.

1.7 Investment properties

The 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 IAS40, but may be impaired or revalued to provide a carrying value at their estimated fair value. Full valuations are undertaken every five years with a desk top review carried out in the intervening periods. As these properties do not represent a substantial proportion of the Authority's total assets, valuations are undertaken by in-house chartered surveyors rather than by external valuers. Gains and losses arising from changes in fair value of investment property are recognised in the Statement of Comprehensive Net Expenditure.

1.8 Intangible assets

Expenditure on intangible assets consists of bespoke software and other software licences and is capitalised where the cost is £2,000 or more. 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 (five years) or the term of the licence. Higher value bespoke software is amortised on a straight line basis over five years.

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

1.9 Gross income

Gross income represents the amount, exclusive of VAT, arising from rents, lease/licences and invoiced sales of goods and services and are credited to the Statement of Comprehensive Net Expenditure in the year in which they are provided by the Authority.

1.10 Operating leases

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

1.11 Staff costs

Under IAS19, 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.

1.12 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 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 Authority. The costs of all employer pension contributions are charged to the Statement of Comprehensive Net Expenditure when incurred.

1.13 VAT

The Authority is involved in a number of statutory obligations and these are outside the scope of output VAT. The 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.

1.14 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.

1.15 Financial instruments

The Authority does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables (Notes 13 and 15).

Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that the Authority will be unable to collect an amount due.

1.16 Security fund creditors

Payables include security fund creditors. Licensees of mining operations are required to provide security to the 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 a security fund creditor in order to recognise the 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 creditor is reduced by security costs incurred each year or when repayments are made to the licensee.

Other forms of security include guarantee bonds in favour of the Authority and escrow accounts. These arrangements do not give rise to any entries in the Authority's financial statements.

1.17 Provisions for liabilities and charges

The Authority is responsible for dealing with liabilities relating to its ownership of abandoned coal mines. This includes 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 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 Authority's obligations. Internal costs are not provided for.

The Authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, which is currently in its introductory phase through to April 2014. There is a requirement to purchase and surrender allowances, currently retrospectively, on the basis of Carbon Dioxide emissions as energy is used. The liability is measured on best estimates of expenditure required to meet these obligations and is factored into the provisions.

Where the time value of money is material, the Authority discounts the provision to its present value using a discount rate of 2.2%, as specified by HM Treasury. Each year the financing charges in the Statement of Comprehensive Net Expenditure include the adjustments to unwind one year's discount so that liabilities are shown at current price levels.

Provisions are utilised as cash expenditure is incurred against the Statement of Comprehensive Net Expenditure.

Where cash expenditure is capitalised under the Fixed Asset policy, a matching provision is maintained so as to offset the carrying value of the asset. As the provision is utilised the effect on the Statement of Comprehensive Net Expenditure is matched by depreciating the related asset. MHCA adjustments are not matched with a provision.

Specific provision periods have been established as follows;

Mine Water Schemes	100 years
Subsidence Pumping Stations	100 years
Subsidence Damage Liabilities	50 years
Surface Hazard Treatment	50 years
Tip Maintenance	50 years

Obligations under Other Liabilities 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 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.

1.18 Accounting estimates

Other than the review and calculation of the Provisions for Liabilities and Charges, no material accounting estimates or judgements were made by the Authority in preparing these accounts.

1.19 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:

- IAS1 "Presentation of Financial Statements" – Amendment. The amendment requires the presentation of Other Comprehensive (Income)/Expenditure, within the Statement of Comprehensive Net Expenditure, to be grouped on the basis of whether they might at some point be reclassified from Other Comprehensive (Income)/Expenditure to Net (Income)/Expenditure or whether they will not. The amendment is effective for periods commencing on or after 1 June 2012. The Directors do not believe there will be any significant impact on the Authority.

- IAS12 "Income Taxes" – Amendment. The standard requires measurement of deferred tax relating to an asset dependant upon recovery of the carrying amount of the asset through use or sale. The amendment relating to Deferred Tax: Recovery of Underlying Assets provides the presumption that the recovery of the carrying amount will normally be through sale. The amendment is effective for periods commencing on or after 1 January 2012. The Directors do not believe there will be any significant impact on the Authority.
- IFRS7 "Financial Instruments: Disclosures" – Annual Improvements. The improvement aims to enhance disclosures about transfers of financial assets. The effective date is for periods commencing on or after 1 July 2011. The Authority does not hold any complex financial instruments (refer to Note 1.15), therefore the Directors do not believe there will be any significant impact on the Authority.
- IFRS9 "Financial Instruments" will eventually replace IAS39 "Financial Instruments: Recognition and Measurement" in its entirety. IFRS9 introduces new requirements for classifying and measuring financial assets, impairments and hedge accounting that must be applied. The revised effective date is for periods commencing on or after 1 January 2015. The Authority does not hold any complex financial instruments, therefore the Directors do not believe there will be any significant impact.
- IFRS13 "Fair Value Measurement" defines fair value, provides a framework for measuring fair value and sets out the disclosure requirements for fair value measurements. The effective date is for periods commencing on or after 1 January 2013. The Directors do not believe there will be any significant impact on the Authority.

2. Statement of Operating Costs by Operating Segment

The following analysis by operating segment of gross expenditure, income, net expenditure and total assets are stated below in accordance with IFRS8, additionally meeting the requirements of HM Treasury's Fees and Charges Guidance.

2011-12	Information £000	Public Safety £000	Environment £000	Total £000
Expenditure incurred during the year	8,220	11,962	16,549	36,731
Less provision utilised	–	(8,273)	(8,911)	(17,184)
Adjustment to provisions	–	7,067	(10,550)	(3,483)
Gross expenditure	8,220	10,756	(2,912)	16,064
Income	(9,868)	–	(3,451)	(13,319)
Net (income)/expenditure	(1,648)	10,756	(6,363)	2,745
Total assets	10,956	2,583	79,212	92,751

2010-11 Restated	Information £000	Public Safety £000	Environment £000	Total £000
Expenditure incurred during the year	9,448	12,352	14,137	35,937
Less provision utilised	–	(7,760)	(8,546)	(16,306)
Adjustment to provisions	–	34,810	6,189	40,999
Gross expenditure	9,448	39,402	11,780	60,630
Income	(9,190)	(2)	(1,391)	(10,583)
Net (income)/expenditure	258	39,400	10,389	50,047
Total assets	11,203	3,184	73,109	87,496

Information covers the maintenance of mining records, the provision of mining reports as well as closure costs, licensing, permissions and mining assets operations. Other than the element retained to finance licensing activities, royalties and mining income are surrendered to the HM Treasury – Consolidated Fund when received. During 2011-12 better than expected mining report volumes and unbudgeted licensing income led to a net income of £1.6 million (2010-11: £0.3 million net expenditure).

The most significant customer within Information is One Search Direct generating income of £0.9 million for 2011-12 (2010-11: £0.7 million), which accounts for 6.9% (2010-11: 7.4%) of income from activities and 6.4% (2010-11: 6.7%) of total income.

Public Safety covers subsidence, surface hazards and tip management operations.

Environment covers projects for mine water operations and subsidence pumping schemes as well as incorporating the management of estates. Within Environment total assets, investment properties valued at £247,000 have been identified as being held for sale (2011: £147,000).

The most significant customer within Environment is the Department for Environment, Food and Rural Affairs (Defra) generating income of £2.3 million for 2011-12, being a new income stream for technical services, accounting for 18.8% of income from activities and 17.4% of total income.

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

The reported segments as analysed above are consistent with the Authority's organisational structure and the management information used by the Authority's management team for the period reported, following a reorganisation, effective 1 April 2011. Prior year comparatives have been restated and reported to reflect the current organisational structure.

3. Staff Numbers and Related Costs

Staff costs comprise:

			2011-12			2010-11
	Agency £000	Direct £000	Total £000	Agency £000	Direct £000	Total £000
Wages and salaries	–	4,774	4,774	–	5,840	5,840
Reorganisation costs	–	–	–	–	1,852	1,852
Social security costs	–	434	434	–	476	476
Other pension costs	–	889	889	–	1,065	1,065
Agency staff costs	280	–	280	200	–	200
	280	6,097	6,377	200	9,233	9,433

£161,000 of staff cost incurred in 2011-12 was charged to capital projects (2010-11: £122,000).

There have been no reorganisation costs relating to Compensation Scheme – Exit Packages accrued during 2011-12 (2010-11: £1,852,000).

Average number of persons employed:

			2011-12			2010-11 Restated
	Agency No.	Direct No.	Total No.	Agency No.	Direct No.	Total No.
Information	3	44	47	4	49	53
Public Safety	1	36	37	1	45	46
Environment	–	17	17	1	23	24
Administration and Support Services	2	42	44	2	50	52
	6	139	145	8	167	175

Average number of persons employed as analysed above are consistent with the Authority's organisational structure, following a reorganisation, effective 1 April 2011. Prior year comparatives have been restated and reported to reflect the current organisational structure.

The reorganisation has resulted in a decrease in headcount of 28 direct heads and two agency heads.

2.5 whole time equivalent persons were charged to capital projects during 2011-12 (2010-11: 2.0).

Pensions

All employees of the Authority are members of one of the Principal Civil Service Pension Schemes (PCSPS) for the year ended 31 March 2012. The PCSPS are unfunded multi-employer defined benefit schemes and the Authority is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2011-12, employers' contributions of £889,000 were payable to the PCSPS (2010-11: £1,065,000) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2012-13, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2011-12 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). 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** and **nuvos** are increased annually in line with Pension Increase legislation. 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). No Coal Authority employees have opted for a partnership pension account.

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2012. 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 his 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. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk/pensions.

Compensation Schemes – Exit Packages:

Redundancy and other departure costs have been accrued in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs have been accounted for in full following a period of consultation and where there is certainty over the amounts to be paid and agreed exit dates. Where the Authority has agreed early retirements, the additional costs are met by the Authority and not by the Civil Service pension scheme.

Exit package cost band	Total number of exit packages by cost band 2011-12	Total number of exit packages by cost band 2010-11
<£10,000	–	2
£10,000 – £25,000	–	6
£25,000 – £50,000	–	15
£50,000 – £100,000	–	6
£100,000 – £150,000	–	2
£150,000 – £200,000	–	2
£200,000 – £250,000	–	1
Total number of exit packages by type	**–**	**34**

Included within the total number of exit packages for 2010-11 was one compulsory redundancy.

There have been no compensation scheme exit packages accrued for the year ended 31 March 2012, although payments have been made during the year for amounts previously accrued in 2010-11. Further payments totalling £401,000 are still to be made during 2012-13.

The total resource cost accrued in 2010-11 for exit packages was £1,852,000, which included an additional sum of £10,000 which was subject to separate approval by HM Treasury.

4. Other Expenditure

	Note	2011-12 £000	2011-12 £000	2010-11 Restated £000	2010-11 Restated £000
Rentals under operating lease					
Equipment		134		146	
Land and buildings		307		153	
			441		299
Running costs					
Supplies and services		6,672		5,081	
Property costs		935		666	
Administrative costs		491		547	
Travel and subsistence		231		221	
Audit remuneration		45		45	
			8,374		6,560
Other expenditure per the Statement of Comprehensive Net Expenditure			**8,815**		**6,859**
Interest payable on security funds	15		**11**		**10**
Non-cash items:					
Unwinding of discount on provisions	16		**18,667**		**17,753**
Provision movements:					
– Additional year (50th/100th)	16	4,276		4,251	
– Release to offset depreciation	16	(2,423)		(2,208)	
– Utilised against capital spend	16	(5,759)		(5,710)	
– Created/(Released)	16	(1,006)		46,666	
– Reimbursement of costs	13	1,429		(2,000)	
Adjustment to provisions			**(3,483)**		**40,999**
Devaluation/(Revaluation) of investment properties	9		**185**		**(127)**
Depreciation of property, plant and equipment	8	3,713		2,729	
Amortisation of intangible assets	10	561		323	
Devaluation/(Revaluation) of property, plant and equipment	11	(104)		414	
Depreciation, amortisation and devaluation/ (revaluation) of assets			**4,170**		**3,466**
Total Non-cash Items			**19,539**		**62,091**
Total Non Staff Expenditure			**28,365**		**68,960**

5. Income

	2011-12 £000	2010-11 Restated £000
Income from activities		
Sale of mining reports	8,396	8,230
Licensing	1,083	675
Permissions indemnities	253	254
Environmental technical services	2,342	–
Other services	380	315
Income from activities	**12,454**	**9,474**
Other income		
Profit on disposal of property, plant and equipment	865	1,109
Income	**13,319**	**10,583**
Interest receivable	127	7
Total income	**13,446**	**10,590**

Environmental technical services is a new income stream covering the provision of services to Defra for the development, build and operation of Metal Mine Water Treatment Schemes.

Profit on Disposal of Property, Plant and Equipment:

	2011-12 £000	2010-11 £000
Sale of investment properties	8	57
Clawback relating to previous disposals	975	1,143
Sale of other assets	5	–
Total income	988	1,200
Book values	(123)	(91)
Profit on disposal	865	1,109

Clawback income relates to the Authority's share of added value secured by purchasers of properties sold by British Coal Corporation or the Authority where the sale agreements included restrictive covenants or clawback provisions.

Consolidated Fund Income:

	2011-12 £000	2010-11 £000
Production related rent (Gross)	794	730
Cost of collection	(175)	(185)
Production related rent (Net)	619	545
Incidental coal (Gross)	3	227
Cost of collection	(6)	–
Incidental coal (Net)	(3)	227
Options for lease	275	–
Other coal mining income	–	37
Property sale proceeds	100	–
Income payable to the consolidated fund	**991**	**809**

	2011-12 £000	2010-11 £000
Balances held at start of year	**(232)**	**(150)**
Payments to the consolidated fund	1,061	727
Income payable to the consolidated fund	(991)	(809)
Balances held at end of year	**(162)**	**(232)**

Production related rent relates to coal production rent and 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 and 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 following the exchange of contracts and on completion of the sale of property, where initial purchase was made from grant in aid in previous periods.

Collection costs relate to the element of income retained to finance licensing activities and the cost of any unrecoverable amounts owed.

Balances held at end of year relate to trade and accrued debtors to be collected.

6. Analysis of Net Expenditure by Programme and Administration Budget

			2011-12			2010-11
	Programme £000	Admin £000	Total £000	Programme £000	Admin £000	Total £000
Expenditure:						
Staff costs	4,453	1,924	**6,377**	6,206	3,227	**9,433**
Other expenditure:						
Operating leases	433	8	**441**	285	14	**299**
Running costs						
Expenditure incurred during the year	22,954	2,604	25,558	20,468	2,398	22,866
Less provision utilised	(17,184)	–	(17,184)	(16,306)	–	(16,306)
	5,770	2,604	**8,374**	4,162	2,398	**6,560**
Interest payable	–	11	**11**	–	10	**10**
Unwinding of discount on provisions	18,667	–	**18,667**	17,753	–	**17,753**
Non-cash items:						
Adjustment to provisions	(3,483)	–	(3,483)	40,999	–	40,999
Depreciation, amortisation and devaluation/(revaluation)	3,433	922	4,355	2,427	912	3,339
	(50)	922	**872**	43,426	912	**44,338**
Expenditure	**29,273**	**5,469**	**34,742**	**71,832**	**6,561**	**78,393**
Income:						
Income from activities	(12,246)	(208)	(12,454)	(9,447)	(27)	(9,474)
Other income	(921)	56	(865)	(1,120)	11	(1,109)
Interest receivable	(104)	(23)	(127)	–	(7)	(7)
Income	**(13,271)**	**(175)**	**(13,446)**	**(10,567)**	**(23)**	**(10,590)**
Net expenditure after interest	**16,002**	**5,294**	**21,296**	**61,265**	**6,538**	**67,803**

Programme represents the Authority's operational areas for Information, Public Safety and Environment.

Administration covers management and support services.

7. Taxation

	2011-12 £000	2010-11 £000
Current tax	–	–
Deferred tax	–	–

Corporation tax is calculated at 26% (2010-11: 28%) of the estimated assessable profit for the year.

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

	2011-12 £000	2010-11 £000
Net (expenditure)/income after interest	(21,296)	(66,994)
Tax at the UK corporation tax rate of 26% (28%)	(5,537)	(18,758)
Tax effect of expenses that are not deductible in determining taxable profit	607	420
Tax effect of temporary differences on property plant and equipment	266	260
Tax effect of utilisation of losses not previously recognised	1,063	(450)
Tax effect of short term temporary differences not recognised	(1,170)	12,023
Tax effect of losses created in period not recognised	–	–
Tax effect of grant in aid finance for revenue purposes	4,771	6,505
Tax expense for the year	–	–

The following are the major deferred tax liabilities and assets:

	Recognised at 31 March		Unrecognised at 31 March	
	2012 £000	2011 £000	2012 £'000	2011 £000
Tax losses	(555)	(232)	(6,054)	(5,970)
Temporary differences regarding tax relief for provisions	–	–	(218,640)	(237,900)
Property, plant and equipment	427	37	–	–
Revaluation of assets	128	195	–	–
Total	–	–	(224,694)	(243,870)

No deferred tax asset has been recognised on excess carried forward tax losses of £25,225,000 due to the unpredictability of future profit streams against which the unused losses can be offset. The losses may be carried forward indefinitely.

Deferred tax has also not been recognised in respect of temporary differences arising on taxed reserves. Reserves totalling £911,000,000 at 31 March 2012 will be deductible when the expenditure is charged against the provision in later periods.

On 26 March 2012 the Government announced that the main rate of Corporation Tax would reduce to 24% with effect from 1 April 2012. The rate reduction to 24% has been substantively enacted at the Statement of Financial Position date and therefore has been reflected in the tax accounting workings. The Government announced it's intention to reduce the main rate of Corporation Tax to 23% by 1 April 2013 and 22% by 1 April 2014 however, the subsequent rate reductions have not been substantively enacted at the Statement of Financial Position date and have therefore not been reflected in the workings.

8. 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 2011	3,247	4,070	5,512	403	589	60,123	7,010	7,162	88,116
Additions	166	–	460	400	–	4,867	99	3,150	9,142
Reclassifications	–	–	238	35	–	6,413	–	(6,507)	179
Disposals	–	–	(416)	(65)	(2)	(106)	–	–	(589)
Revaluations	–	–	10	1	7	3,230	365	–	3,613
At 31 March 2012	3,413	4,070	5,804	774	594	74,527	7,474	3,805	100,461
Depreciation									
At 1 April 2011	–	698	3,564	260	457	10,576	755	–	16,310
Charged in year	–	81	749	52	58	2,560	213	–	3,713
Reclassifications	–	–	1	(1)	–	–	–	–	–
Disposals	–	–	(367)	(65)	(2)	(8)	–	–	(442)
Revaluations	–	–	–	–	6	626	21	–	653
At 31 March 2012	–	779	3,947	246	519	13,754	989	–	20,234
Net Book Value at 31 March 2012	**3,413**	**3,291**	**1,857**	**528**	**75**	**60,773**	**6,485**	**3,805**	**80,227**
Net Book Value at 31 March 2011	3,247	3,372	1,948	143	132	49,547	6,255	7,162	71,806

The Authority owns all of its assets and has no finance leases or PFI contracts.

A valuation was undertaken of the Head Office land and buildings by external Chartered Surveyors (Lambert Smith Hampton, a multi disciplinary chartered surveying practice), based on existing use value on 31 March 2011 in accordance with RICS guidelines. The valuation did not differ materially from the carrying value of the asset and therefore no adjustment was made. The next valuation of the Head Office land and buildings will be undertaken as at 31 March 2013.

Information Technology includes a reclassification of £179,000 transferred from Intangibles – Information Technology (Note 10).

Plant and equipment has been revalued using MHCA as outlined within the accounting policies (Note 1.4).

During 2011-12 the Office for National Statistics has withdrawn computation and publication of the indices previously used in revaluing the Mine Water Schemes and Subsidence Pumping Stations under MHCA. A suitable alternative index has been selected for use in revaluing these assets as at 31 March 2012, being in relation to collection, purification and distribution of water.

Mine Water Schemes additions includes an asset transfer from the Environment Agency made as at 1 April 2011 for nil consideration. On completion of the transaction to recognise the asset value of £2,023,000, a credit has been charged to General Reserves.

Assets under construction consist of cost incurred on the development and construction of 13 mine water treatment schemes.

	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 2010	3,289	4,070	5,272	354	583	55,533	6,603	5,599	81,303
Additions	18	–	737	73	–	2,063	311	3,347	6,549
Reclassifications	–	–	–	–	–	1,784	–	(1,784)	–
Disposals	(60)	–	(39)	–	–	(18)	–	–	(117)
Revaluations	–	–	(458)	(24)	6	761	96	–	381
At 31 March 2011	3,247	4,070	5,512	403	589	60,123	7,010	7,162	88,116
Depreciation									
At 1 April 2010	–	617	3,272	230	395	8,475	505	–	13,494
Charged in year	–	81	329	31	58	1,987	243	–	2,729
Disposals	–	–	(29)	–	–	(15)	–	–	(44)
Revaluations	–	–	(8)	(1)	4	129	7	–	131
At 31 March 2011	–	698	3,564	260	457	10,576	755	–	16,310
Net Book Value at 31 March 2011	**3,247**	**3,372**	**1,948**	**143**	**132**	**49,547**	**6,255**	**7,162**	**71,806**
Net Book Value at 31 March 2010	3,289	3,453	2,000	124	188	47,058	6,098	5,599	67,809

9. Investment Properties

	Land £000	Buildings £000	Total £000
Fair Value			
At 1 April 2011	1,239	134	1,373
Disposals	(7)	–	(7)
Revaluations	(150)	(35)	(185)
At 31 March 2012	**1,082**	**99**	**1,181**
Net Book Value at 31 March 2011	1,239	134	1,373

The Authority owns all of its investment properties.

A review as at March 2012 has been undertaken by Phil Brandreth FRICS, Coal Authority Property Manager. Valuations have been amended using appropriate property indices to reflect the movement in the property market over the previous year.

As at March 2012 certain properties valued at £247,000 had been identified as being held for sale.

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

	Land £000	Buildings £000	Total £000
Fair Value			
At 1 April 2010	1,189	134	1,323
Disposals	(77)	–	(77)
Revaluations	127	–	127
At 31 March 2011	**1,239**	**134**	**1,373**
Net Book Value at 31 March 2010	1,189	134	1,323

10. Intangible Assets

	Information Technology £000	Software Licences £000	Total £000
Cost or valuation			
At 1 April 2011	18,080	1,219	19,299
Additions	995	82	1,077
Reclassifications	(179)	–	(179)
Disposals	(367)	(51)	(418)
Revaluation	1	2	3
At 31 March 2012	18,530	1,252	19,782
Amortisation			
At 1 April 2011	13,103	258	13,361
Charged in year	320	241	561
Disposals	(145)	(8)	(153)
Revaluation	–	(1)	(1)
At 31 March 2012	13,278	490	13,768
Net Book Value at 31 March 2012	**5,252**	**762**	**6,014**
Net Book Value at 31 March 2011	4,977	961	5,938

The Authority owns all of its intangible assets. Information Technology comprises software developed in-house or by third parties.

Information Technology contains £0.7 million relating to an information system currently in development.

Information Technology includes a reclassification of £179,000 transferred to PPE – Information Technology (Note 8).

	Information Technology £000	Software Licences £000	Total £000
Cost or valuation			
At 1 April 2010	14,937	1,226	16,163
Additions	3,207	72	3,279
Revaluation	(64)	(79)	(143)
At 31 March 2011	18,080	1,219	19,299
Amortisation			
At 1 April 2010	13,013	28	13,041
Charged in year	92	231	323
Revaluation	(2)	(1)	(3)
At 31 March 2011	13,103	258	13,361
Net Book Value at 31 March 2011	**4,977**	**961**	**5,938**
Net Book Value at 31 March 2010	1,924	1,198	3,122

11. Revaluations

	2012 £000	2011 £000
Charges to the Statement of Comprehensive Net Expenditure Account		
PPE – Information Technology	(6)	408
PPE – Mine Water	(71)	(82)
PPE – Plant and Machinery	(1)	19
PPE – Subsidence Pumping Stations	(24)	(62)
Intangibles – Information Technology	(1)	58
Intangibles – Software Licences	(1)	73
	(104)	414
Charges to the Revaluation Reserves		
PPE – Information Furniture & Fittings	(1)	(2)
PPE – Information Technology	(4)	42
PPE – Mine Water	(2,533)	(550)
PPE – Plant and Machinery	–	4
PPE – Subsidence Pumping Stations	(320)	(27)
Intangibles – Information Technology	–	4
Intangibles – Software Licences	(2)	5
	(2,860)	(524)
Total	(2,964)	(110)

In line with the accountancy policies outlined in Note 1, certain non-current assets have been revalued using appropriate indices.

In some instances assets are being carried below their historical cost carrying amounts, this has resulted in a charge to the Statement of Comprehensive Net Expenditure where there is no reserve against the assets to charge a devaluation. Negative numbers charged to the Statement of Comprehensive Net Expenditure represent a reversal of a previous devaluation.

12. Financial Instruments

As the cash requirements of the Authority are met through grant in aid provided by DECC, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Authority's expected purchase and usage requirements and the Authority is therefore exposed to little credit, liquidity or market risk.

13. Trade Receivables and Other Current Assets

Amounts falling due within one year:

	2012 £000	2011 £000
Trade receivables	787	494
Other receivables	854	713
Prepayments and accrued income	2,631	1,749
Reimbursement of costs	–	817
Total debtors at 31 March	4,272	3,773

There are no reimbursable costs as at 31 March 2012 (2011: £817,000). The prior year balance related to legal fees of £565,000 and operating lease charges, under indemnity, of £252,000 which were reimbursed during 2011-12.

Intra-Government balances are analysed below:

	2012 £000	2011 £000
Balances with other central Government bodies	920	713
Balances with Local Authorities	477	398
Subtotal: Intra Government balances	1,397	1,111
Balances with bodies external to Government	2,875	2,662
Total debtors at 31 March	4,272	3,773

Amounts falling due after more than one year:

There are no reimburseable costs as at 31 March 2012 (2011: £1,183,000). The prior year balance related to reimbursement of costs under indemnity for operating leases charges and have been discharged during 2011-12 following the re-assignment of the respective operating leases.

Analysis of ageing of amounts falling due after more than one year:

	2012 £000	2011 £000
Reimbursement of costs:		
In more than one year, but not more than two years	–	247
In more than two years, but not more than five years	–	936
Total debtors at 31 March	–	1,183

14. Cash and Cash Equivalents

	2012 £000	2011 £000
Balance at 1 April	3,423	1,226
Net change in cash and cash equivalent balances	(2,366)	2,197
Balance at 31 March	1,057	3,423
The following balances were held at:		
Government Banking Services	1,056	3,423
Other commercial banks and cash in hand	1	–
Balance at 31 March	1,057	3,423

15. Trade Payables and Other Liabilities

Amounts falling due within one year:

	2012 £000	2011 £000
Taxation and social security	231	259
Amounts payable to Government	162	232
Trade payables	122	88
Security fund payables	127	113
Accruals and deferred income	6,255	6,710
Total creditors at 31 March	6,897	7,402

The amount payable to Government represents the amount which will be due to the Consolidated Fund, when all of the income collected under statute in relation to licensing activities is collected.

Security funds are used by the Authority to ensure debts and future liabilities are settled where a licensee fails to meet their obligations under a lease or licence. The Authority does not ring fence these funds. Receipt of security funds cash is an operating cash inflow and a payment of security funds cash is financed by grant in aid.

Accruals and deferred income incorporates compensation scheme exit packages of £401,000 that are due to be paid during 2012-13.

Intra-Government balances are analysed below:

	2012 £000	2011 £000
Balances with other central Government bodies	675	232
Balances with Local Authorities	112	112
Balances with Public Corporations and Trading Funds	–	17
Subtotal: Intra Government balances	787	361
Balances with bodies external to Government	6,110	7,041
Total creditors at 31 March	6,897	7,402

Amounts falling due after more than one year:

Other payables of £2,324,000 (2011: £1,949,000) represent the liability of the Authority to return the cash security funds plus interest to the licensees. There are no compensation scheme exit packages due after more than one year as at 31 March 2012 (2011: £452,000).

Analysis of ageing of amounts falling due after more than one year:

	2012 £000	2011 £000
Compensation Scheme Exit Packages:		
In more than one year, but not more than two years	–	452
	–	
Security funds payable:		
In more than one year, but not more than two years	173	255
In more than two years, but not more than five years	229	125
In more than five years	1,922	1,569
	2,324	1,949
Total creditors at 31 March	2,324	2,401

Analysis of movements on cash security funds:

	2012 £000	2011 £000
Opening balance – falling due within one year	113	838
Opening balance – falling due after more than one year	1,949	1,339
Opening balance	2,062	2,177
Invoiced during the year	443	95
Interest during the year	11	10
Repayments to licensees during the year	(65)	(220)
	2,451	2,062
Closing balance – falling due within one year	127	113
Closing balance – falling due after more than one year	2,324	1,949
Closing Balance	2,451	2,062

16. Provisions for Liabilities and Charges

	At 31 March 2011 £000	Additional Year (100th, 50th) £000	Utilised against Operating Spend £000	Released to offset Depreciation £000	Utilised against Capital Spend £000	Created/ (Released) £000	Unwinding £000	At 31 March 2012 £000
Mine Water	560,000	1,187	(7,956)	(2,222)	(5,660)	(3,461)	11,112	553,000
Public Safety and Subsidence	229,000	2,594	(7,480)	–	–	3,862	5,024	233,000
Subsidence Pumping Stations	90,000	234	(483)	(201)	(99)	(1,302)	1,851	90,000
Tip Management	20,000	219	(573)	–	–	(90)	444	20,000
Sub Total	899,000	4,234	(16,492)	(2,423)	(5,759)	(991)	18,431	896,000
Other	16,000	42	(1,297)	–	–	(15)	270	15,000
Total	**915,000**	**4,276**	**(17,789)**	**(2,423)**	**(5,759)**	**(1,006)**	**18,701**	**911,000**

The provision for liabilities and charges at 31 March 2012 is £911.0 million (2011: £915.0 million). Forecast cash flows included within this provision before discounting amount to £1,782.0 million (2011: £1,805.0 million).

Movements in provisions are provided for in-line with accounting policies stated in Note 1.17.

The assumptions and key sensitivities in establishing the provisions at 31 March 2012 are explained below.

Mine Water

The provision relating to Mine Water treatment schemes is £553.0 million (2011: £560.0 million).

In order to comply with the EU Water Framework Directive (EUWFD), a strategy has been developed to design and build a further 52 schemes by 2027 to remediate existing pollution identified by the Environment Agency and SEPA. A further nine preventative schemes are programmed to be built to avoid new pollution based on scientific projections of water quality and levels. The provision against Mine Water treatment includes costs of £114.4 million, before discounting, against the commissioning of these schemes.

The EUWFD includes the principle of disproportionate cost, and for the first time the 2010-11 provision incorporated the principle that has been applied in assessing the viability of remedial schemes. Such 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. The Authority continues to work with the EA and SEPA to further understand the cost benefit ratio of the remedial schemes within the existing programme.

Operating costs net of efficiency measures have been modelled to reflect the new, varying types of scheme coming on line taking into account the impact of disproportionate costs on operating new schemes. Operating cost efficiency measures are being put in place to deliver in excess of £1.1 million per annum of sustainable savings by 2015. Before discounting, total cashflows stand at £1,020.3 million (2011: £1,056.3 million).

The provision for Mine Water treatment is 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. Beyond 100 years the inherent uncertainties to the future costs and timing of cashflows prevent provisions being made.

Significant uncertainties beyond 100 years include: new technologies; environmental regulations; price inflation of construction and other 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 £233.0 million (2011: £229.0 million).

Subsidence provisions relate to the estimated cost of settlement of subsidence claims. The 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.

Surface Hazards provisions relate to the costs of treating ground collapses, shaft collapses and other hazards relating to former coal mining activities. The 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.

The estimate of costs included within the provision for investigating and treating claims, before discounting, is £7.7 million per annum and has been based on the historical normalised claims experience with the long term trend indicating that costs have stabilised. The on-going operational costs incorporate £0.8 million per annum of anticipated savings as the Authority continues to seek efficiencies and refines its risk based approach to treating surface hazards. In addition to this £0.5 million has been added to the provision for 2012-13 to conclude the residential and urban mineshaft inspection programmes and associated works which began during 2007-08.

The provision for Public Safety and Subsidence is calculated over 50 years as the 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. Inherent uncertainties for Public Safety & Subsidence are significantly higher than for Mine Water and Subsidence Pumping Stations, therefore beyond 50 years the future costs and timing of cashflows prevent provisions being made.

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 and the profile and approach towards managing public safety impacts the quantum of issues.

Provisions continue to be monitored for upward pressure on public safety and subsidence contractor costs, particularly driven by any high value subsidence claims, although current levels appear to have stabilised.

Subsidence Pumping Stations

The provision relating to Subsidence Pumping Stations is £90.0 million (2011: £90.0 million).

Subsidence Pumping Station provisions relate to the costs of 72 pumping stations which control water on land affected by subsidence. This includes obligations under the Doncaster Drainage Act 1929.

Estimates include the costs of a refurbishment programme which will be completed by 2030 (£26.9 million before discounting), but also reflects the on-going requirement to continue this programme post 2030 and into the foreseeable future. This programme extension has been incorporated at £1.4 million per annum, before discounting. In addition estimates include the cost of maintaining and operating these stations for the next 100 years (£0.6 million per annum before discounting).

The provision for Subsidence Pumping Stations is 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. Beyond 100 years the inherent uncertainties to the future costs and timing of cashflows prevent provisions being made.

Significant uncertainties beyond 100 years include: the life of the stations and plant and machinery and the level of renewals required.

Tip Management

The provision relating to Tip Management is £20.0 million (2011: £20.0 million).

Tip Management is required as the Authority has 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 Authority has responsibility for 41 tips and keeps them secure, monitors water drainage, constructs tunnels and ponds to capture the water run off and undertakes a regular programme of maintenance.

The cost of Tip Management provided is £0.7 million per annum over the next 50 years, before discounting.

Beyond 50 years the inherent uncertainties to the future costs and timing of cashflows prevent provisions being made.

Significant uncertainties beyond 50 years include: the future costs of major repair projects following adverse weather conditions.

Other Provisions

The provision relating to other items is £15.0 million (2011: £16.0 million).

The authority provides for costs to meet its statutory obligations when it is made aware of a site requiring rehabilitation, restoration or expenditure on safety and security, it has assessed the action required and can reliably determine their costs.

These include the following items:

The Authority has 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 £6.0 million remain at 31 March 2012 (2011: £6.0 million), after discounting.

Provisions relating to opencast site rehabilitation are held arising from obligations under planning consents. The provisions also include compensation payments due under agreements to occupy third party land during the working and rehabilitation period. This provision is held at less than £0.1 million (2011: £1.5 million).

Closed colliery site obligations are assessed to be £8.9 million (2011: £5.7 million), after discounting and relate to returning colliery site areas to a condition that is safe and secure and consistent with any required planning permission or lease requirement.

Spoil heaps require expenditure to bring them to a condition consistent with planning conditions and restoration schemes approved by Mineral Planning Authorities. The liability arising from this is estimated at less than £0.1 million (2011: £1.4 million).

Provisions relating to other property liabilities are held at £0.0 million (2011: £1.5 million), after discounting. These relate to obligations associated with property interests transferred from British Coal under various Restructuring Schemes that do not result from past mining activity.

Sensitivity of Trends and Assumptions

The calculations as explained above necessarily include estimates and assumptions.

The level of provisions is reasonably sensitive to these assumptions. For example, should predicted costs for subsidence, surface hazards or tip management increase or decrease by £1.0 million per annum, the total provision over 50 years in current day prices would increase or decrease by £30.1 million. Similarly, should predicted costs for Mine Water or Subsidence Pumping Stations increase or decrease by £1.0 million per annum, the total provision over 100 years in current day prices would increase or decrease by £40.3 million.

The level of provisions is sensitive to a change in the discount rate. An increase in the discount rate of 0.5% to 2.7% would decrease the total provision held by £101.0 million (11%). A decrease in the discount rate by 0.5% to 1.7% would increase the total provision by £128.0 million (14%).

Analysis of timing of discounted flows:

	Mine Water	Public Safety and Subsidence	Subsidence Pumping Stations	Tip Management	Other	Total
	£000	£000	£000	£000	£000	£000
Up to 2013	13,866	8,689	924	636	1,610	25,725
Between 2014 and 2017	60,668	28,550	6,936	2,410	2,324	100,888
Between 2018 and 2032	166,793	87,426	26,024	7,380	6,563	294,186
Thereafter	311,673	108,335	56,116	9,574	4,503	490,201
Total	**553,000**	**233,000**	**90,000**	**20,000**	**15,000**	**911,000**

17. Capital Commitments

	2012 £000	2011 £000
Property, plant and equipment	2,393	1,780
Intangible assets	857	1,404
Total	3,250	3,184

There were capital commitments authorised, contracted, and provided for at 31 March 2012 of £3,250,000.

Property, plant and equipment capital commitment of £2,393,000 relates to the build of six and refurbishment of four mine water treatment schemes.

Intangible assets capital commitment of £857,000 is in respect of the replacement of the Authority's Information System.

18. Commitments Under Leases

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

	2012 £000	2011 £000
Land		
Within one year	378	496
Between one to five years	1,457	1,690
After five years	11,230	7,597
	13,065	9,783
Buildings		
Within one year	50	50
Between one to five years	50	150
After five years	–	–
	100	200
Others		
Within one year	51	96
Between one to five years	–	30
After five years	–	–
	51	126
Total	13,216	10,109

The Authority has no obligations under finance leases.

19. Contingent Liabilities Disclosed

Licensees of mining operations are required to provide security to the Authority to cover the 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 Authority is responsible for making good subsidence damage. Where an Area of Responsibility is extinguished the Authority would become responsible for the discharge of outstanding subsidence liabilities. The Authority also has an ongoing liability to secure and keep secured most 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).

Both of the above liabilities have been provided for within the Public Safety and Subsidence provision (Note 16) 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 out of indemnities or warranties that may materialise in the future. It is expected that any costs will be covered by future allocations of grant in aid.

The Authority is subject to various claims and legal actions in the ordinary course of its activities, for which provision is made in the accounts, where appropriate, on the basis of information available. The Authority does not expect that the outcome of the above issues will materially affect its financial position.

20. Contingent Assets

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

21. Related Party Transactions

The Authority is a Non-Departmental Public Body (NDPB) of the Department of Energy and Climate Change (DECC) and received grant in aid during the year, as well as surrendering income due to the Consolidated Fund in relation to statutory licensing activities.

DECC, for the first time, have provided a consolidated Annual Report and Accounts for the reporting period 2011-2012, incorporating its NDPB's within the consolidation boundary. The Authority forms part of this consolidation.

In addition, the Coal Authority had a number of transactions with other government departments and bodies. The most significant of these transactions include the purchase of goods and services from the Department for Communities and Local Government (DCLG), the provision of environmental technical services to the Department for Environment, Food and Rural Affairs (Defra) and receipt of a transferred asset from the Environment Agency (EA).

Ms MP Henton, Non-Executive Member, was also, until April 2011, a Non-Executive Member of the British Geological Survey which has a contract with the Authority providing non-coal related mineral information that is incorporated into the Ground Stability and Interpretative Reports produced by the Authority. The fees are based on report volumes and invoiced quarterly in arrears, the value of which was £75,701 for the full year to 31 March 2012 (2011: £99,568). There was no year end creditor balance in respect of the British Geological Survey (2011: nil).

22. Events after the Reporting Period

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

The Comptroller and Auditor General has authorised these accounts to be issued on 22 June 2012.

Accounts Direction given by the Secretary of State for Energy and Climate Change 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 2009 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 2009 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 with the Department of Energy and Climate Change (DECC) and HM Treasury.
5. This Direction supersedes the Direction dated 17 June 2008.

David Leitch
An official of the Department of Energy and Climate Change authorised to act on behalf of the Secretary of State

3 June 2009

Appendix 1

Licensing

During the year 47 new applications were made to the Authority for new licences and agreements covering underground and surface mining, coal exploration, coal methane and mine water heat recovery (MHR). No new underground coal gasification (UCG) applications were received during the year. Figure 1 shows the applications received by the Authority since 1 April 1995 sub-divided by country and figure 2 shows the applications received in 2011-12 sub-divided by type.

Figure 1

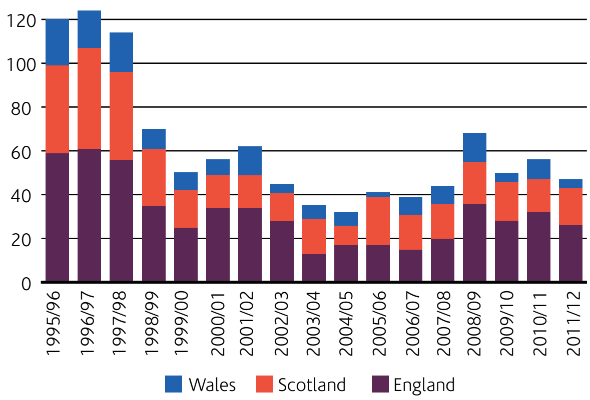
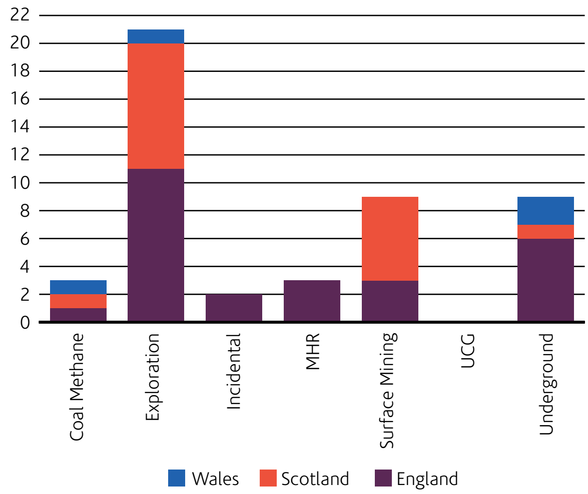
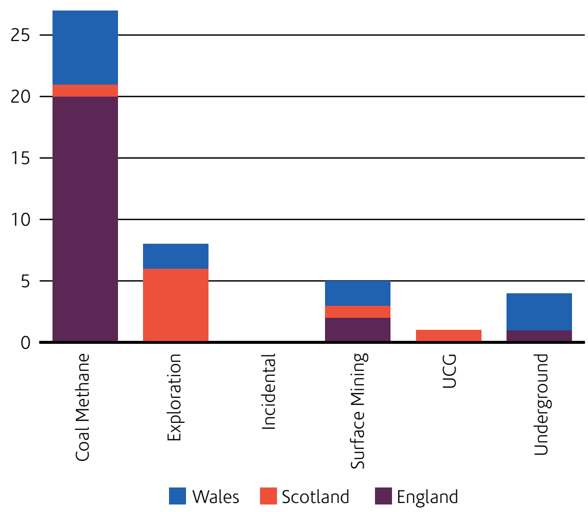


Figure 2



The Authority also received 44 applications to vary existing agreements during the year. These variations included extensions to licence periods, assignments between operators and changes or additions to licence areas, some of which were quite substantial and equivalent to new licences or agreements. Figure 3 shows the breakdown of these variation applications by country and mining type.

Figure 3

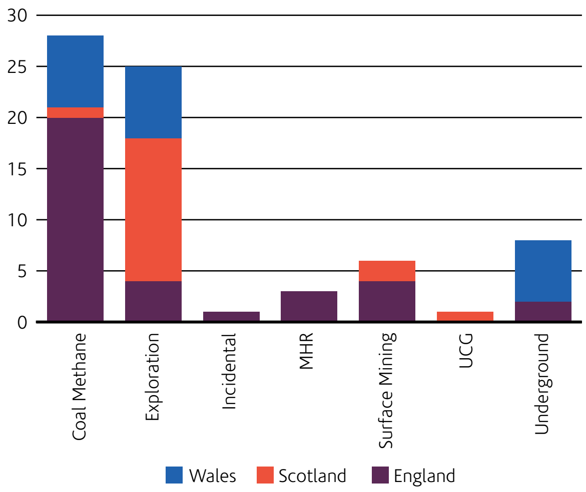


Licences and Agreements Granted

There were 30 new licences and agreements and 42 variations to existing licences and agreements granted during the year.

In addition, six leases were granted in conjunction with surface mining and underground operating licences containing potentially 19.2 million tonnes of recoverable coal together with three lease options for future underground operations. Figure 4 shows a breakdown of these grants.

Figure 4



Coal Production

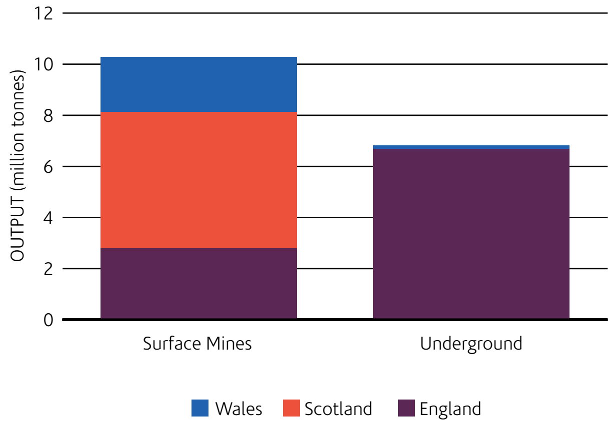
Coal production for the financial year was 17.09 million tonnes, a reduction of 1.72 million tonnes (9.2%) on the previous year. Underground mined output fell substantially by 1.48 million tonnes (17.8%) while surface mined output reduced by only 0.24 million tonnes (2.3%).

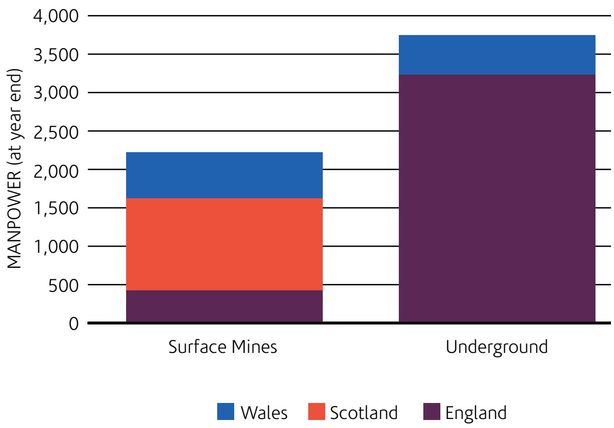
At 31 March 2012, some 5,970 persons were declared by the operators as being employed at 14 producing or developing underground mines, one colliery on care and maintenance and 32 producing or developing surface mine sites. This was a reduction of 54 (0.9%) over the previous year.

The production figures do not include coal produced from non-licensable activities such as tip washing and slurry recovery and also excludes coal output from sites with authorisation to dig and carry away coal in the course of non-coal mining activities. These sites, which include quarries, clay pits and development sites, produced some 3,050 tonnes during the year.

The details of coal production and manpower declared to the Authority in 2011-12 are shown at Figure 5 below.

Figure 5





Assessment of Licensed Tonnage

The Authority has updated its assessment on the proportion of coal that is licensed to operating companies in Britain following activities during the year.

The table below illustrates the approximate tonnage of coal reserves and coal resources in underground and surface mining licences at March 2012. It includes reserves and resources of coal within licence at operating mining sites: the coal within conditional licences and the coal which, although still within licence, is located at closed mines and sites.

ASSESSMENT OF COAL RESERVES & RESOURCES IN LICENCE						
Estimate of Reserves & Resources in Underground and Surface Mining Licences in Britain (million tonnes)						
YEAR ENDING	UNDERGROUND			SURFACE MINES		
	Operating	Closed *	Conditional	Operating	Closed *	Conditional
March 2012	124	251	308	36	3	6

* 'Closed' underground mines and surface mining sites are those where coaling operations have ceased but the licence remains valid.

Appendix 2

Annual Environmental Review

2011-2012

Review of the Year

This report relates to all activities undertaken by the Authority during the financial year 2011-2012.

The Authority's capabilities were extended by the Energy Act 2011 which conferred upon it powers to take action, as finance became available:

- with respect to subsidence arising otherwise than in connection with coal mining;
- for the purpose of preventing, or mitigating the effect of, the discharge of water other than from a coal mine.

The Authority manages all its activities in accordance with its Environmental Management System (EMS), which is structured to meet the standards of BS EN ISO14001:2004.

1. Purpose

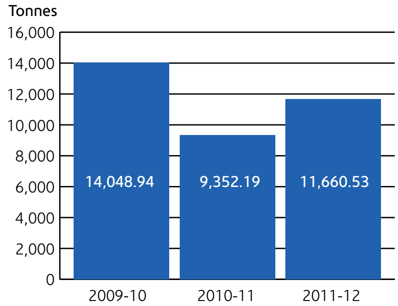
This review is intended to show the Authority's sustainability performance for the financial year 2011-2012.

Although the Authority is not mandated to produce an environmental review in the format set out by HM Treasury, the review has been prepared in this format for consistency with the Department of Energy and Climate Change (DECC), our sponsor department.

2. Summary of Performance

The Authority is exempt from the Greening Government Commitments (GGC's), however, being part of the DECC family and given the nature of our work, the high level environmental objectives we have set, we aim to follow the GGC's wherever appropriate. In cases where the GGC's are not appropriate, suitable and stretching objectives have been set, which are for the same period (2011-15) and which use the same base year (2009-10).

The objectives and progress towards them are contained later in this review.

3. Greenhouse Gas Emissions		2009-10	2010-11	2011-12	Graphical Analysis
Non-financial indicators (t)	Scope 1 Emissions	150.84	134.93	114.05	**Total Greenhouse Gas Emmissions** 
	Scope 2 Emissions	13,844.84	9,182.72	11,502.53	
	Scope 3 Emissions	53.26	34.54	43.95	
	Total Emissions	14,048.94	9,352.19	11,660.53	
	Emissions per FTE (tonnes)	83.13	55.01	82.75	
Financial indicators (£)	CRC Gross Expenditure (2011 onwards)			c£152,000	

Targets and Commentary **– High Level Environmental Objectives 2011–15**

During the year, we set the following high level environmental objectives:

- Retain the Carbon Trust Standard in 2012.
- Fulfil all requirements of the Carbon Reduction Commitment Energy Efficiency Scheme (CRC).

Carbon emissions from Mansfield offices

25% reduction in carbon emissions per full time equivalent employee (FTE).

Carbon emissions from business travel

25% reduction in carbon emissions per FTE from business travel.

Carbon emissions from minewater treatment schemes and pumping stations

Quantify the carbon emissions per mega litre per metre lift (CO_2/Ml/m) for all mine water pumped by 2011-12.

10% reduction in CO_2/Ml/m of mine water pumped compared to 2011-12 levels.

Renewable energy

Install hydro electric power on one existing mine water treatment scheme.

Develop and implement a strategy to facilitate the use of mine water as a geothermal heat source.

Head offices premises, Mansfield

25% reduction in carbon emissions per FTE for our Mansfield office by 31 March 2015.

Individual departmental environmental action plans have been developed in order to achieve the high level objectives:

- Departmental controls have been introduced to ensure alternatives to travel, such as use of telephone conference calls, webinars and internal training.
- Use of hire cars will be kept to a minimum.
- Pool vehicles will be replaced with vehicles with lower emissions.

Direct Impacts Commentary

The main direct impact for the Authority is in our use of electricity. Electricity is used at our head office at Mansfield, Nottinghamshire; however, the majority of electricity used by the Authority is at our operational sites (mine water treatment schemes, gas fan stations, pumping stations etc). Our position in the first CRC performance league table, which ranks the performance of CRC Energy Efficiency Scheme participants against three weight metrics, was 334 out of a total of 1,301.

4. Waste

The Greening Government Commitment is not appropriate to the Authority because of the nature of our activities. The majority of waste produced is related to activities at operational sites.

The objectives for waste produced at Mansfield offices are:

- The introduction of source segregation for non-hazardous waste.
- Ensuring that all non-hazardous waste is sent to a materials recovery facility.
- Ensuring that all non-recyclable waste is incinerated for energy recovery.
- Ensuring that zero waste is sent to landfill.
- The maximisation of the reuse and recycling of all ICT and WEEE equipment.

The objective at other sites is:

- The development and implementation of a strategy for ochre sludge that ensures:
  - The installation of sludge drying beds at the largest ten mine water treatment schemes to reduce the overall amount requiring removal from site.
  - The recovery or recycling of 20% of the total amount removed from sites.

Commentary

Waste at our Mansfield office is segregated into co-mingled recyclables and general waste. All waste is taken into a local materials recovery facility and any residual waste is incinerated for energy recovery.

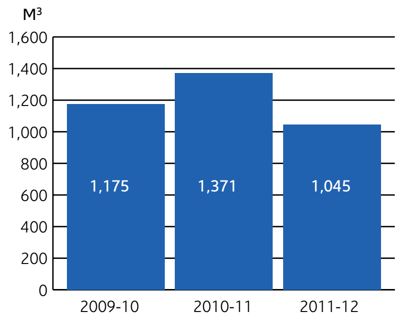
A skip of WEEE waste will be disposed of in accordance with the WEEE and hazardous waste regulations.

To achieve the proposed 20% reduction in ochre sludge removed from mine water treatment schemes a number of alternatives to disposal are being sought. The progress as at the end of 2011-12 is:

- Sludge drying beds have been constructed at three mine water treatment schemes (Frances, Bates and Blenkinsopp).
- A large scale trial has been in operation for over six months using the ochre produced at our Dawdon mine water treatment scheme in the manufacture of bricks. The trial is proving to be successful. It is planned to use the ochre from the new sludge drying beds in brick manufacture.
- A mixture of ochre (from mine water treatment sites) digested sewage sludge and colliery spoil have been shown by previous laboratory scale studies to act as an effective growth medium, that could be used for application in spoil tip restoration projects. A methodology for a large scale trial at Abercynon/Putwell Farm Tip in South Wales is being devised. Subject to the appropriate consents being obtained, it is hoped that the trial can be undertaken in summer 2012.

Direct Impacts Commentary

The Authority's direct waste is from our head office at Mansfield, all of which is, in order of priority, reused, recycled or incinerated for energy and from operational sites, which consists predominantly of ochre sludge and to a lesser extent reed bed cuttings.

5. Finite Resource Consumption – Water		2009-10	2010-11	2011-12	Graphical Analysis
Non-financial indicators	Water Consumption (m^3)	1,175	1,371	1,045	**Annual Water Use – Head Office** 
	Water Consumption (m^3/FTE incl tenants)	6.94	8.07	7.26	
Financial indicators (£)	Water Supply Costs	£7,625	£7,373	£8,383	

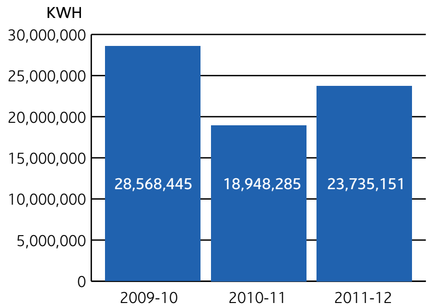
Performance Commentary (including targets)

The Authority's objectives are in line with Greening Government Commitments targets. The aim is to reduce water consumption at our Mansfield office to below 6m³ per FTE by 31 March 2015.

Water usage overall has reduced as the result of the Authority's recent reorganisation. The number of full time employees was reduced by 17%, a fact which has affected the normalised figure. Two organisations took up tenancy agreements and moved in at the beginning of 2012.

The feasibility (cost v benefit) of installing a rainwater harvesting system will be reviewed to help reduce the amount of mains water used. Quotations will be obtained from prospective installers. Such a system, if viable, will help reduce usage considerably next year.

Water usage will continue to be recorded on a monthly basis.

6. Finite Resource Consumption – Energy		2009-10	2010-11	2011-12	Graphical Analysis
Non-financial indicators (kWh)	Electricity Mansfield	1,669,626	1,783,580	1,679,749	**Electricity Usage, Whole Authority** 
	Electricity Wheal Jane	N/A	N/A	2,343,461	
	Electricity Total	28,568,445	18,948,285	23,735,151	
	Gas	N/A	N/A	N/A	
Financial indicators (£)	Total Energy Expenditure	£2,300,000	£1,900,000	£2,056,605	

Targets and Narrative

Energy is the main contributor to the Authority's GHG emissions as the result of high electricity consumption on mine water treatment schemes.

At our Mansfield office the possibility of voltage optimisation has been investigated and a quotation obtained that indicates a projected saving of circa 12% in energy use at the site. Consideration is being given to installing the system during 2012-13.

Revised pumping levels and operating systems at a number of sites have produced considerable reductions in use of electricity:

Kimblesworth Reduction of consumption from 12,400 to 5,500 kWh/day, an annual saving of £125,000.

Kibblesworth Reduction of consumption from 18,406 to 11,200 kWh/day, an annual saving of £134,000.

Silverdale A meter change has resulted in no accurate figures concerning the reduction of electricity use. However an annual saving of £76,000 has been achieved.

Blenkinsopp The HDS plant has been turned off, a new aeration cascade installed and the consumption of chemicals has been reduced, to provide an annual saving of £119,000.

Horden The scheme has been changed from active to passive. Electricity consumption has reduced from 3,250 to 1,500 kWh/day and chemical usage has been eliminated. The annual saving achieved is £121,000.

Bates Upgraded pipework and a reduced head on the pumps has reduced electricity consumption from 1,900 to 1,250 kWh/day, which, together with the reduction in chemical use (by putting the flow through reed beds) has achieved an annual saving of £33,300.

Dawdon Has been run on two streams, rather than three, resulting in consumption of electricity being reduced from 4,400 to 2,800 kWh/day and an annual saving of £60,000.

Ridley Fan Station Capital refurbishment, with the replacement of a decrepit asset has reduced electricity consumption from 800 to 320 kWh/day with an annual saving of £12,200.

Wheal Jane Wheal Jane has been run on one stream, mainly because of low rainfall. The plant was turned off for a series of days over the summer. A cascade system has been installed to reduce the usage of lime. No figures are yet available.

Direct Impacts Commentary

All the Authority's direct energy use is from energy use on our office estate and at mine water treatment schemes, pumping stations and gas fan stations. The Wheal Jane mine water treatment scheme was the only scheme that uses electricity to come on stream during the financial year.

7. Climate Change Adaptation and Mitigation

The objective for 2011–15 is:

- To continue to develop resilience to climate change by: Implementing the climate change adaptation plan (CCAP);
- Reviewing and updating the CCAP annually;
- Identifying and commissioning work to assist in improving understanding of future climate change impacts on our property, activities, products and services.

Commentary

The Climate Change Action Plan is reviewed and updated on an annual basis. It has been updated to reflect the reorganisation.

The Authority's Technical Group discussed the findings and recommendations from work carried out by the Met Office in 2011 on the impact of weather on tip stability, mine water flows and surface hazards/subsidence events. A number of actions to help further improve our knowledge of the impacts in these areas were agreed. These include:

- Public Safety and Subsidence using climate change predictions from the Met Office in conjunction with the British Geological Survey (BGS) data on surface geology/superficial to better predict future incidence of surface hazards/subsidence events.
- Investigating the use of 'crowdsourcing' or increased numbers of weather stations on tips to provide greater warning of localised severe weather events.

Future actions/timescale:

- A joint workshop with the Met Office and Environment Agency planned in May 2012 to discuss the impact of weather means and extremes on mine water and the way forward in utilising the available data in the design of new schemes.
- Review the UK Climate Change Risk Assessment Report issued in January 2012 and the relevant sector reports and use the information to further update the Authority's CCAP by September 2012.

8. Biodiversity and Protection of the Natural Environment

The Authority aims to:

- Review UK, country and local biodiversity action plans and implement systems to enable it to contribute to them in its activities by 2012-13.
- Measure and promote the positive impact on biodiversity resulting from its activities.

Commentary

Departmental environmental action plans have been developed incorporating targets aimed at improving the Authority's work on the protection of the natural environment.

The Authority has commissioned the completion by a consultant of a biodiversity study on three existing mine water treatment schemes – Mousewater, Morlais and Bridgwater. The output from this work will comprise three case studies and the development of a methodology to enable biodiversity impact to be factored into the cost benefit analysis model for new schemes.

The Authority has planted 400,000 trees on disused tips, along with over 40,000 shrubs and has sown about 30 hectares of heathland and about 500 square metres of wildflowers.

For 2012-13 and beyond, we intend to engage with local and national environmental bodies to measure the improvements resulting from public safety projects, e.g. on disused tips, we will be looking at the types of habitat we have created and the variety of flora and fauna which have been attracted to the sites as a result of reclamation. We intend to offer access to local community groups, to allow recording of wildlife with the intention of creating or improving habitats.

9. Sustainable Procurement

The Authority aims to:

- Embed sustainable procurement practices by:
  - Developing a sustainable procurement policy by 2011-12;
  - Commencing implementation of the policy by 2012-13;
  - Reviewing and updating the policy annually;
  - Adopt a closed loop paper procurement at our Mansfield office.

Commentary

A sustainable procurement policy and action plan have been developed covering the next three years. The aims are to focus the Authority's approach in order to minimise the negative impacts of goods and services procured in relation to the environmental, social and economic aspects of our operations.

For the future we will identify our major areas of impact and investigate opportunities for more sustainable procurement whilst still obtaining value for money.

We will engage with our suppliers to ensure that they support our policy and work together with them to ensure continual improvement.

10. Sustainable Construction
Improvements to the reuse and recycling of construction, demolition and excavation waste (CDEW) have been achieved by the introduction of site waste management plans (SWMP) for all notifiable CDM projects The Authority's targets are: ■ To reuse, recover or recycle 90% of waste materials on all notifiable projects >£300,000 in value. ■ To use a minimum of 15% recycled products in construction projects.
Commentary
Departmental Environmental Action Plans have been developed outlining the targets required to achieve the high level environmental objectives. Site waste management plans are being introduced for all notifiable projects and those >£300,000 in value. The amounts of reuse, recycling and waste reduction currently taking place on all projects are being scoped and identified.

11. People and Quality of Life
The Authority aims to: ■ Promote employee awareness of environmental issues to support delivery of environmental objectives and encourage positive behavioural change. ■ Encourage and facilitate opportunities for Authority employees to participate in local environmental improvement projects. ■ Promote and educate the public on the environmental benefits of the Authority's activities.
Commentary
Departmental Environmental Action Plans have been developed to include the promotion of external stakeholder involvement in the development of all new minewater treatment schemes. The process has been incorporated into the Authority's working procedures.

12. Environmental Management System

The Authority's Environmental Management System (EMS) has been reviewed and revised to reflect changes to its structure, personnel and activities and is subject to ongoing review.

All employees have received environmental awareness training in order to support delivery of the Authority's environmental objectives and encourage positive behavioural change.

High level environmental objectives have been developed and approved by the Board and departmental environmental objectives have been developed and are monitored using departmental environmental action plans.

Regular inspections of contractor activities on site are carried out to monitor their standards.

Internal audits of the Authority's EMS are to be scheduled and completed during 2012.

Commentary

The main issues identified during environmental audits were:

- Operatives' lack of understanding of environmental issues, including risks and implications, as the result of poor/no inductions and lack of environmental awareness training.
- Failure to complete aspect and impact assessments.
- Lack of spill kit training.

Copies of the reports were provided to the contractors for them to address these issues for the future.

13. Environmental Incidents

The Authority documents and investigates all environmental incidents and revises its procedures and processes to ensure no further recurrence.

Commentary

During reed cutting at Six Bells mine water treatment scheme during November 2011 the river turned orange from the water treatment outlet downstream.

The reed cutting was immediately stopped and the pumps turned off. The Environment Agency visited and took samples.

It would appear that, during the course of reed cutting/collection works, the ochre sediment within the reed bed was disturbed by the tracks of the amphibious machine used in the operation.

A full investigation was undertaken by the SHE Adviser and Senior Management and a number of recommendations made, all of which were accepted and implemented for future activities of the same kind.

The incident resulted in the Authority receiving a formal warning letter from the Environment Agency.

Public Information Services

Subsidence and Mining Reports: 0845 7626848
Surface Hazards: 01623 646333

The Authority is responsible for:
- Licensing coal mining operations and granting leases to exploit coal reserves.
- Subsidence damage claims not falling on coal mining companies.
- Management of property and the historic legacy of past coal mining.
- Providing geological and other information on past and future coal mining.

Further Information

For information about the Authority and further copies of this Annual Report please contact:

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Front cover photography
Main photograph: Construction of Horden mine water treatment scheme, North East England.
Bottom left: Glyncastle mine water treatment scheme, South Wales.
Small photograph: Ffos-y-Fran land reclamation scheme, South Wales.

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