



Department  
of Energy &  
Climate Change

# Triennial Review of the Coal Authority

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## Stage 1 Report

### Introduction

1. The following Report sets out the findings of Stage 1 of the 2013 Triennial Review of the Coal Authority. It describes the purpose of Triennial Reviews and the processes adopted by the Review Team for the Coal Authority. It presents the findings of the review based on feedback from stakeholders.

### Triennial Reviews

2. Triennial Reviews are a Cabinet Office mandated process for reviewing the function of Non-Departmental Public Bodies (NDPBs), the appropriateness of the bodies' delivery mechanisms and their governance arrangements.
3. Reviews take place every three years for each NDPB, unless an exemption is agreed by the Cabinet Office, and are conducted in line with the following principles:
  - I. **Proportionate**: not overly bureaucratic; appropriate for the size and nature of the NDPB.
  - II. **Timely**: completed quickly to minimise disruption and reduce uncertainty.
  - III. **Challenging**: robust and rigorous, evidencing the continuing need for functions and examining and evaluating a wide range of delivery options.
  - IV. **Inclusive**: open and inclusive. Individual NDPBs must be engaged; key users and stakeholders should have the opportunity to contribute. Parliament should be informed about the commencement and conclusions.
  - V. **Transparent**: all reviews should be announced and reports should be published.
  - VI. **Value for Money**: conducted to ensure value for money for the taxpayer.
4. The Cabinet Office has identified two principal aims for Triennial Reviews:
  - To provide a robust challenge of the continuing need for individual NDPBs – both their functions and their form; and
  - Where it is agreed that a particular body should remain as an NDPB, to review the control and governance arrangements in place to ensure that the public body is complying with recognised principles of good corporate governance.
5. Triennial Reviews consist of two stages, as set out by Cabinet Office guidance, addressing these two principal aims.<sup>1</sup>
6. Stage 1 is designed to examine the key functions of NDPBs and to consider whether they are still needed and whether the functions could be better delivered by assessing them against a range of alternative delivery options.
7. If Stage 1 concludes that the NDPB should remain as the delivery body, the Review moves to Stage 2, which looks at the control and governance arrangements in place to ensure that the NDPB is operating in line with recognised principles of good corporate governance.

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<sup>1</sup> Guidance on Reviews of Non Departmental Public Bodies Cabinet Office June 2011.  
[http://www.civilservice.gov.uk/wp-content/uploads/2011/09/triennial-reviews-guidance-2011\\_tcm6-38900.pdf](http://www.civilservice.gov.uk/wp-content/uploads/2011/09/triennial-reviews-guidance-2011_tcm6-38900.pdf)

## Triennial Review of the Coal Authority

### What is the Coal Authority?

8. The Coal Authority was established in 1994, with the broad responsibilities to protect the public and environment in coal mining areas and manage the effects of past coal mining. The Authority owns the majority of coal in Great Britain, including past coal mines.
9. The Authority has a Board of seven consisting of a Non-Executive Director Chair, three other Non-Executive Directors, a Chief Executive, a Finance Director, and a Director of Operations.
10. As of the 2012-13 Annual Report, the total headcount was 151 FTE, split between its information (34), public safety (49), environmental (19) and administration and support (49) activities.
11. The Authority is primarily funded by Grant in Aid from DECC to undertake its responsibilities under the Coal Industry Act 1994: in 2012-13 this amounted to £24 million Grant in Aid. The Coal Authority was also granted powers in the Energy Act 2011 to extend its work outside that of coal mining in relation subsidence damage and the prevention or treatment of contaminated mine water. This power has primarily been used to deliver mine water pollution treatment programmes in non-coal mines (income of £3.2 million). Full accounts for 2012-13 are published on the Coal Authority website.
12. The Authority's five-year strategy and corporate plan is available on the Coal Authority website.

### The Triennial Review process followed for the Authority

13. The Triennial Review of the Coal Authority was announced in Parliament by the Minister of State for Energy on 8 October 2013<sup>2</sup>. The Minister also wrote to the Chair of the Energy and Climate Change Select Committee to bring the review to its attention.
14. Cabinet Office guidance states that reviews should be appropriate for the size and nature of the NDPB in question and should also offer value for money. In considering what depth of review was appropriate the Coal Authority, a comparison was made to other NDPBs of a similar size. Accordingly, it was agreed that the first stage of the review would focus primarily on gathering evidence from stakeholders of the Coal Authority, and considering this evidence light of views of the central Government Departments to which the Authority relates. Where appropriate these conclusions were tested with the Cabinet Office Commercial Models team, and the Shareholder Executive.
15. The Review Team was led by an independent official from DECC supported by officials from the Coal Authority Sponsor Team.
16. A Challenge Group was established to provide an independent challenge to the findings of the Review Team, and ensure the robustness and rigour of the conclusions drawn. This group included one member of the DECC Audit and Risk Committee, one

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<sup>2</sup> <https://www.gov.uk/government/speeches/triennial-review-of-the-coal-authority>

representative from the Cabinet Office, and one representative from the Shareholder Executive. The Review team are grateful for the support of this Challenge Group.

17. The Review team undertook two workshops to engage key stakeholders on 18 and 20 November 2013. 10 stakeholders attended the workshops. In addition, members of the Review Challenge Group and one member of the Coal Authority Board attended as observers.
18. Stakeholders were also invited to complete a questionnaire which addressed the two main areas the Review Team wished to consider – the functions of the Coal Authority and ways of delivering these functions. 15 responses were received. This questionnaire was also made available on the Coal Authority website, although no further submissions were received through this route. A copy of the questionnaire is attached at Annex A.
19. The Review Team also held one-to-one discussions with representatives of the Environmental Regulators that have interaction with the Coal Authority, and with Cabinet Office and Shareholder Executive to discuss commercial models of relevance to the Authority. A full list of organisations invited to attend the workshops and/or complete questionnaires is attached at Annex B.
20. In line with the Cabinet Office guidance on transparency, the review was conducted with the support and participation of the Coal Authority – including through a site visit of the Review team to the Coal Authority’s office, an interview with the Chief Executive of the Authority, and a review by the Authority of a late-stage draft report.

### ***Evidence Gathering***

21. Attached at Annexes C-E are the outputs from the evidence gathering stage including:
  - feedback from the one-to-one discussions (Annex C)
  - feedback from the workshops (Annex D)
  - responses to the questionnaire (Annex E)

### **Review Stage 1 – Functions**

22. This section considers the key objectives and functions of the Coal Authority and whether they are still required. It then considers whether the Authority’s status as an NDPB is the best model for the delivery of its functions.

### **The Coal Authority’s work to date**

23. The Coal Authority was established in 1994 by the Coal Industry Act 1994, which states
  - (1) There shall be a body corporate to be known as the Coal Authority (in this Act referred to as “the Authority”) for the purpose of—
    - (a) holding, managing and disposing of interests and rights in or in relation to the unworked coal and other property which is transferred to or otherwise acquired by it by or under this Act;
    - (b) carrying out functions with respect to the licensing of coal-mining operations;
    - (c) carrying out functions with respect to coal-mining subsidence and in connection with other matters incidental to the carrying on of any open cast or other coal-mining operations;

- (d) facilitating the establishment and maintenance of arrangements for the information to which persons are to be entitled under this Act to be made available to them; and
- (e) carrying out the other functions conferred on it by virtue of this Act.

24. The Authority carries out four principal functions:

Function	Statutory basis	Activities undertaken by the Coal Authority
Licensing and management of unworked coal and other property rights in England, Scotland and Wales.	Coal Industry Act 1994	As the legal owner of UK coal reserves: <ul style="list-style-type: none"> <li>• Consider applications for coal mining</li> <li>• Grant licenses for any activity which intersects, disturbs or enters any of the Authority's coal interests.</li> <li>• Monitor and inspect licensed operations.</li> <li>• Hold, manage and dispose of interests and rights in relation to unworked coal and other property</li> </ul>
Remedying and meeting costs of subsidence associated with coal mines and public safety	Coal Industry Act 1994 Coalmining Subsidence Act 1991	<ul style="list-style-type: none"> <li>• Provide an emergency response service to incidents which pose a risk to the safety of the public that are associated with former coal mining operations.</li> <li>• Administrate claims for coal mining subsidence damage from property owners.</li> <li>• Deliver a Mine Entry Inspection Programme</li> </ul>
Treatment of polluted mine water from coal mines	Coal Industry Act 1994	<ul style="list-style-type: none"> <li>• Handle the legacy of recovering water levels within abandoned coal mines</li> <li>• Remediate existing polluting discharges from coal mines</li> <li>• Prevent new aquifer mine water outbreaks</li> <li>• Deliver coal mine water treatment scheme programme</li> </ul>
	Water Resources Act 1991, EU Water Framework Directive and Energy Act 2011	<ul style="list-style-type: none"> <li>• Remediate polluting discharges from non-coal mines under the mine water treatment scheme. <i>This work is not a statutory responsibility of the Authority, but is delivered as a competitive function using powers afforded to the Authority under the Energy Act 2011.</i></li> </ul>
Provision of mining information	Coal Industry Act 1994	<ul style="list-style-type: none"> <li>• Maintain and ensure the integrity of mining related information</li> <li>• Provide onsite access to coal mining information</li> <li>• Provide information in response to written requests</li> </ul>

**Do the Authority's functions need to continue?**

25. The first element of the review is to consider these functions, and to question whether there is a continuing need for the functions, considering:

- The statutory basis of the Authority and the Parliamentary intent when the body was established
- The extent to which the functions contribute to the core business of DECC and to wider Government policy objectives
- The extent to which there is a demand for the work of the Authority from users
- The extent to which the work is a justifiable use of taxpayer's money
- The costs and risks of not continuing to deliver the function

26. Having considered the factors above and the feedback provided from stakeholders, the review team conclude that **there is a continuing need for each of the four main functions of the Authority, as listed above.** Paragraphs 27 to 40 below consider this in further detail for each individual function.

### **Licensing of unworked coal**

27. The Authority's work **granting licenses for unworked coal** is a statutory duty under the Coal Industry Act 1994. In 2012-13 the Authority granted 50 new licenses and agreements, 102 variations to existing licenses, and eight leases.<sup>3</sup> The Coal Authority also receive 983 applications for permission to access its property for other reasons, and is in the process of developing new systems to automate its responses to such applications.<sup>4</sup> The number of licenses granted, and volumes of coal exploited are decreasing through time: applications for new licenses have fallen from around 120/year in the late 1990s to around 40/year in the early 2010s<sup>5</sup> – although licensing for more novel technologies including coal bed methane and underground coal gasification has not been subject to this decline. Despite this fall in total volume, it is clear that the functions of the Authority in this area correspond closely to those intended when the Act was passed. Taxpayers benefit both from the revenue generated from the licensing of coal (16.05 million tonnes of which were extracted in 2012-13<sup>6</sup>) and as citizens from the assurance that licenses are only provided to companies that are fit and proper to mine the assets (the Authority licensing team inspects sites as deemed necessary in relation to risk). The ability of the Coal Authority to recover costs in relation to licensing also protects taxpayers from unnecessary burden: the Authority generated £616,000 from licensing activities and £300,000 from permissions indemnities in 2012-13 on a cost-recovery basis.<sup>7</sup>
28. Stakeholders concurred that this was a vital role, and that while there was a continuing coal industry in the UK, there would be a need to grant licenses. In providing feedback, the Coal Industry, Local Authorities and Environmental Regulators all noted the important role that the Coal Authority could play in ensuring that the impacts of coal mining were properly understood, and that Local Authorities could fully understand the risks of mining before it proceeded. It was clear that the expertise of the Coal Authority gave confidence to stakeholders involved in these decisions: both operators and Local Authorities took comfort from the expertise that the Coal Authority was able to provide. Some feedback suggested the Coal Authority may seek to give greater assurance of the environmental safety of operations during this licensing process, particularly around more novel energy sources such as underground coal gasification.

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<sup>3</sup> Annual Report, p.86, available at <http://coal.decc.gov.uk/assets/coal/publicationsandinformation/transparency-foi/7607-coal-authority-annual-report-and-accounts-for-2012.pdf>

<sup>4</sup> Annual Report, p.13

<sup>5</sup> Annual Report, p.85

<sup>6</sup> Annual Report, p.86

<sup>7</sup> Annual Report, p.61

29. A number of stakeholders suggested that there may be a broader role for the Coal Authority in providing assurance and advice in relation to the provision of bonds during surface coal mining activities. As part of the planning process prior to surface mining operations commencing, operators are required to set aside funds – often in the form of a bond – to cover the costs of remediation. The Coal Authority has experience in applying its technical expertise to assess the likely liabilities arising from such mining; the responsibility for assessing broader liabilities rests with Local Authorities. Both industry and Local Authorities reflected that, if the Coal Authority could bring expertise to bear, this may help Local Authorities and industry find a pragmatic and effective approach which ensures that remediation work will be completed in the event of company default. It was noted that the Coal Authority had had success in navigating this issue in relation to its own subsidence-related interests based on the technical expertise that it possesses. The Scottish Government is conducting a public consultation on *Opencast Coal Restoration: Effective Regulation*<sup>8</sup> to assist a cross-party Task Force set up by the Energy Minister following the default of mining activities by Scottish Resources Group and ATH in Scotland. The Coal Authority and DECC are represented on the Taskforce and have been closely involved in the Task Force’s activities and in the consultation. The views expressed by stakeholders during this Triennial Review indicate that it will be valuable to continue to consider the crucial role of the Coal Authority’s licensing, bonding and wider planning functions.

### **Public safety and subsidence**

30. The Coal Authority’s work **handling subsidence and safety associated with former coal mines** is a statutory Duty under the Coal Industry Act 1994 and the Coal Mining Subsidence Act 1991: these Duties were established to protect the public, and their property, from the potential impacts of past coal mining. This work makes a significant proportion of the Coal Authority’s annual expenditure: total expenditure on public safety was £3.2 million and on subsidence remediation £5.8 million. In 2012-13, the Authority responded to 614 surface hazard notifications (of which 40% were accepted) and 470 claims for mining subsidence damage (of which 15% of domestic and 45% of non-domestic claims were accepted).<sup>9</sup> 49 individuals are employed on this work within the Coal Authority<sup>10</sup>, with local private sector contractors employed to undertake remedial work as required. The Authority has also continued its proactive programme of Mine Entry Inspections, with 20,700 inspections undertaken in 2012-13, by a team of nine working in partnership with local contractors and the Mines Rescue Service.<sup>11</sup> Government recognises the continued statutory need for this work, and the review workshops and questionnaires highlight that stakeholders recognised the value of this work. It is clear that this function will continue to be required while there remains an active public safety and subsidence risk associated with the legacy of coal mining activities in the UK.

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<sup>8</sup> <http://www.scotland.gov.uk/Publications/2013/12/7688>

<sup>9</sup> Annual report, p.9

<sup>10</sup> Annual Report, p.57

<sup>11</sup> Annual report, p.10



31. Both Government and stakeholders valued the work conducted by the Authority in relation to **treatment of polluted mine water**. This work is delivered by a 19-person Coal Authority team<sup>12</sup> focused on hydrogeological expertise, directing the work of operational contractors. The primary legislative responsibility on the Coal Authority is in relation to the Coal Industry Act 1994, which confers responsibility onto the Authority for coal liabilities, including polluted mine water. The Authority is responsible for nearly 70 individual treatment plants focused on avoiding or treating pollution from coal mining operations.<sup>13</sup>
32. Since 2011, when relevant powers were provided to the Coal Authority in the Energy Act 2011, the Authority has also been engaged in treating water pollution resulting from non-coal mines – in particular in England through a £10 million Defra-funded four year project working alongside the Environment Agency, as well as beginning discussions with SEPA in Scotland and with Natural Resources Wales. Such environmental technical services provided £3.2 million income for the Coal Authority in 2012-13.<sup>14</sup>
33. A significant proportion of stakeholder feedback focused on this broader work, which is conducted to support the relevant bodies (Defra and the Environmental Regulators) fulfil their statutory requirements under the Water Resources Act 2011 and the EU Water Framework Directive, which was transposed into UK law in 2003. It was widely considered that the experience that the Authority had gained in treating coal-related mine water pollution had transferred very effectively into other areas of mine water treatment. This was particularly noted by respondents representing Wales, where the legacy of mineral mining continues to present a serious challenge to water quality, and where participants felt there was significantly more work that could be done.
34. Both Government and wider stakeholders valued the role that the Coal Authority had conducted in water treatment activities. By improving water quality, the Coal Authority was considered to have the potential to bring economic benefits, particularly through tourism in areas such as Saltburn in North Yorkshire. The EU Water Framework Directive excludes work with 'disproportionate cost' and the Coal Authority applies its expertise to conduct cost-benefit analysis techniques to prioritise water treatment projects. This was widely valued by stakeholders, some of whom noted it would be necessary to keep this under review to ensure that the Coal Authority's cost-benefit analysis can be easily compared to the definition of 'disproportionate cost' used under the Water Framework Directive.
35. While the UK retains a liability for coal pollution through the Coal Industry Act 2004, and for maintaining the 'good ecological quality' of water bodies through the Water Framework Directive, it is clear that there will be a continued need to protect water supplies from the UK's mining legacy. It is therefore proposed that these functions will continue to be required as long as there remains to be legacy mining operations in the UK that would – in the absence of intervention - threaten this 'good ecological quality'.

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<sup>12</sup> Annual Report p.57

<sup>13</sup> Annual Report, p.13-14

<sup>14</sup> Annual Report, p.18

## Information provision

36. The Coal Authority has a statutory duty to 'facilitate the establishment and maintenance of arrangements for the information to which persons are to be entitled under the Coal Industry Act to be made available to them'.
37. The Authority's work **providing information** includes its work providing the Con29M conveyancing report, which is required by Law Society dictat for any conveyancing transaction in respect of property in a mined area. The costs to the Coal Authority of providing this report can be recovered on the basis of a "full cost recovery structure" controlled by HM Treasury. The Coal Authority also works with other partners to create products with 'added value' – such as products which combine the Coal Authority's information on mine location with information from the British Geological Survey on other sub-surface geological information.
38. 34 people<sup>15</sup> are employed in information provision at the Coal Authority and in 2012-13, the Authority generated £8.4 million of its total £12.9 million income from these activities, in a combination of cost-recovery and commercial capacities.<sup>16</sup> The evidence gathering indicates that this work was widely valued, particularly by those in the property industry who are reliant on this information; and those with whom the Coal Authority collaborates to create products that can be resold commercially.
39. The Authority has completed a programme of significant digitisation to ensure relevant information – notably the location of vacant mines and mineshafts – is available, for example at the point of home purchase, or to Local Authorities in their planning activities. Providing accurate information is one of the ways in which the Coal Authority can manage its liabilities for managing subsidence, as well as protecting the UK's coal reserves: for example, in 2012-13, the Authority responded to 328 planning applications<sup>17</sup> to ensure that legacy coal mining activities had been considered, and (where relevant) coal resources safeguarded.
40. While legacy coal operations continue to present a risk to UK property, there will continue to be a need for information about those legacy operations to be made available.

## Should the Authority be abolished?

41. Having agreed that the Coal Authority's functions are all valuable, the review team must consider whether there is value in maintaining the Coal Authority to deliver these functions, or whether the Authority could be abolished and the functions delivered by others. Overwhelmingly, stakeholders felt that abolishing the Coal Authority was not a viable option. By conducting its four key responsibilities together, the Authority was considered to be 'more than the sum of its parts'. The ability of the Coal Authority to take knowledge and expertise from one area (such as its Public Safety work) and apply this to other areas (for example information provision) was particularly valued. Overall, there were no benefits identified from abolishing the Coal Authority, and very severe reservations expressed by many. It is therefore recommended that the Authority is not abolished.

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<sup>15</sup> Annual Report, p.57

<sup>16</sup> Annual Report, p.61

<sup>17</sup> Annual Report p.11

## Is the Authority's work being delivered in the right way?

42. Having established that each of the functions of the Authority should be maintained, the review must consider what options there would be for the Coal Authority's work to be delivered in a different format. In particular, consideration must be given to delivery by:
- DECC or another existing central Government body
  - Local Government, voluntary or private sectors, or mutualisation
  - Merging with an existing body
  - Forming a new Executive Agency, or merging with an existing one
43. In each case, the review must consider the costs, benefits and risks of a change in model. A clear conclusion from the workshops and questionnaires is that there was broad and strong consensus among the Coal Authority's stakeholders that the existing delivery model could not be improved on by a move to an alternative model. Nonetheless, recognising that there may be potential benefits of a change in delivery model not immediately apparent to stakeholders, paragraphs 45-67 below take each delivery model in turn and consider in brief what benefits or risks may arise based on feedback from stakeholders and Government considerations.

## Current Delivery Model

44. The Coal Authority's functions are currently delivered in the following way:
- a. **Licensing functions** are delivered by a Mansfield-based team, with an operational team inspecting mine operations around the UK on a risk-proportionate basis
  - b. **Public Safety and subsidence** functions are delivered by a team of 49 – including a central team in Mansfield, local response teams and nine individuals undertaking the Mine Entry Inspection programme. Remediation work is conducted by local contractors as required.
  - c. **Information functions** are delivered by a team of 34 people. 97% of information products are provided electronically based on automated retrieval of information held by the Authority – including around 250,000 conveyancing reports per year<sup>18</sup>
  - d. **Environmental (water treatment) activities** are conducted by a 19-person Coal Authority team, working in partnership with R&D providers (including universities), and a significant number of operational contractors. These functions require close collaboration with environmental regulators (in England, the Environment Agency, in Scotland SEPA and in Wales Natural Resources Wales).

## Bringing the Coal Authority's work closer to Government

45. Consideration has been given to whether elements of the Coal Authority's work could be brought in house to Government.
46. The Authority's licensing work was of particular note in these considerations: licenses for oil and gas, including shale gas, are provided directly by DECC through the Petroleum Exploration and Development Licences (PEDL) regime meaning that the Coal Authority's role in licensing coal as a NDPB is unique.

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<sup>18</sup> Coal Authority five-year strategy and corporate plan, p.8. Available on the Coal Authority website - <https://www.gov.uk/government/organisations/the-coal-authority>

47. The Authority's responsibilities also include developing and implementing the licensing procedures for alternative ways of exploiting coal resources – for example, underground coal gasification. It is clear that these arrangements reflect the significant experience that the Coal Authority has built up, meaning that the organisation is uniquely well placed to bring its expertise to bear in granting coal licenses. In the event of moving these functions into central Government, stakeholders considered this would require exactly the same people responsible for conducting the work in the Coal Authority – just in a different location.
48. Nonetheless, participants noted that it was likely that licensing of coal would need to interact more significantly through time with the licensing arrangements for other resources – notably shale gas, where at times operators are required to drill through coal fields to access shale gas reserves. It will be important to consider the on-going role of the Coal Authority as DECC keeps licensing for newer, unconventional technologies under review. Any consideration should note that stakeholders overwhelmingly welcomed the Coal Authority's expertise in this area. DECC is currently completing a review of UK offshore oil and gas recovery and its regulation; in the event that this has any future implications for onshore oil and gas licensing, DECC will need to consider how any new arrangements relate to, and interact with, coal licensing.
49. In relation to the Authority's other functions – safety, subsidence and water treatment – retaining the Authority at arms' length from Government was valued, because this allowed the Authority to focus on delivery rather than policy making. It also provides the Authority with the flexibility to use powers under the Energy Act 2011 to apply its experience more widely– and one participant expressed concern that this might not be feasible if the Coal Authority's work was moved into central Government. Stakeholders also argued that if the Authority were moved into central Government, it could be at risk of being co-located with DECC in central London, losing its existing location in Mansfield – 'in the heart of coal-producing regions'. While this is not necessarily a consequence of moving the Authority into central Government, the current location was felt by stakeholders to be a significant value, firmly grounding the Authority in the interests it represents and manages.
50. Overall, there were no significant benefits identified in moving the Coal Authority's general duties into Central Government, and stakeholders identified a range of risks associated with this. Notwithstanding the outcome of DECC's review of licensing arrangements, it is proposed that the Authority's functions are not moved to central Government at this time.

### **Moving the Authority's work to Local Government, Voluntary sector, Private Sector or Mutualisation**

51. Moving the Authority's functions and responsibilities to Local Government would spread this responsibility across 179 Local planning Authorities with coalfield geography<sup>19</sup>. A number of participants noted that if this happened, Local Authorities would most likely lack the detailed expertise to dispatch these responsibilities, and would still require advice from specialists (such as those currently employed by the Coal Authority). Maintaining the Coal Authority as a single body was considered significantly more efficient way of deploying relevant expertise. Experience from bonding – in which Local Authorities have sought the expertise held by the Coal Authority – suggests this is likely to be true, and forms a sound rationale against devolving the Coal Authority's responsibilities to local government at this stage.

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<sup>19</sup> Number of relevant local planning authorities referenced in p.11 of Annual Report

52. Participants in the review were largely opposed to a move of the Coal Authority's functions out of Government into the commercial or voluntary sectors. A number expressed concern that these sectors would not be well placed to deliver, with the necessary level of confidence, the environmental and public safety responsibilities that currently lie with the Coal Authority. It was felt that these responsibilities required the long-term commitment and planning that the public sector is best placed to dispatch. One participant noted that only the most simple of the Coal Authority's tasks (maintenance of passive water treatment facilities) may be capable of delivery in the voluntary sector. Generally, the Coal Authority's work was considered to be too technical to be delivered to the necessary standards by these sectors.
53. It is not in principle impossible to foresee that the commercial or voluntary sectors could be capable of delivering public safety and environmental responsibilities to high standards. Nonetheless, while the UK retains statutory responsibilities, it is likely that stakeholders will continue to express concerns over a wholesale move of the Coal Authority's activities into the private or voluntary sector, and the ability to manage statutory responsibilities effectively through such a model would require careful consideration.
54. Since relevant powers were provided in the Energy Act 2011, the Coal Authority has sought to maximise the revenue-generating aspects of its business. This is one of the themes in the Authority's five-year strategy and corporate plan. In 2012-13, the Authority generated income of £12.9 million – an increase of £400,000 on the previous year. £8.4 million was generated by providing mining information, and £3.2 million from environmental technical services in relation to non-coal mines.<sup>20</sup>
55. The Coal Authority has been in discussion with the Commercial Models team in the Cabinet Office, and with the Shareholder Executive in BIS, about delivery models that will best facilitate the effective commercial exploitation of the Authority's expertise. At this stage, the Coal Authority management team consider that the revenue generated by these activities is not at a level that would merit the wholesale transformation into a new commercial vehicle to deliver the Authority's functions. The Cabinet Office Commercial Models team have concurred with this view.
56. The Coal Authority's five-year commercial plan highlights, however, that in the period between this triennial review and the next (due in 2016); the Coal Authority will be seeking to develop these commercial responsibilities further. The Coal Authority has also expressed a desire to explore opportunities for small commercial subsidiaries for elements of its work – particularly in information provision – during this time, and may approach Government with such proposals in due course. In the event that the Authority has been able to increase its revenue-generating activities sufficiently to merit a different delivery model, it is feasible that alternative delivery models may be considered again more fully in the next review. Alternatively, if stakeholders, Government or the Coal Authority consider that by that time, the NDPB structure has prevented the Coal Authority from fully exploiting the commercial opportunities, this should also be considered.

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<sup>20</sup> Annual Report – p.61

57. Overall, the review concludes that a move of the Authority's functions to the private or voluntary sectors, or to Local Authorities, is not expected to deliver significant benefits at this stage. In light of the risks and administrative burden associated with any such change, it is not recommended that this be taken forward at this time.

### **Merging with another body**

58. The four main functions of the Coal Authority are relatively diverse, with the main link that all relate to the UK's coal liabilities. Participants in the review were unable to identify any single body with which the Coal Authority could merge, that would be relevant to these four functions. This view is shared by Government.

59. Where participants felt there was value in merging with others, it was typically to consider whether responsibilities of other groups could be assumed by the Coal Authority, creating a body with responsibilities that extend beyond coal liabilities to other mining activities. To some extent, the Authority has already extended its work effectively: in the area of mine water treatment: the expertise developed by the Coal Authority in coal mines had been applied to metal mines. In information provision, the Coal Authority had also begun to do this through a joint project with BGS to explore the provision of joint information products, containing safety/subsidence information relating to both coal mines and other non-coal mines. In both cases, the Coal Authority's expertise was applied beyond the area of coal mining, whilst allowing the Authority to retain a focus on its core statutory responsibilities, which relate to coal mining alone. The Authority has expressed an interest in being able to work on mineral safeguarding and data collection in relation to non-coal minerals as required.

60. The review has considered whether there is merit in the Coal Authority assuming broader statutory responsibilities, which would create a new body with wider mining liability responsibilities. These liabilities are currently dissipated in nature: liabilities for non-coal mine safety and subsidence rest with Local Authorities or private landowners, and liabilities for non-coal mine water pollution rest with Defra and environmental regulators under the Water Framework Directive.

61. Consolidating these responsibilities under the Coal Authority would require significant resource, and could amount to a transfer of liability from private landowners to the state. Having considered the potential benefits, the review team does not recommend that the benefits of this consolidation would justify the resource and time implications of undertaking this task. Instead, the existing model allows the Coal Authority's expertise to be applied effectively to wider activities without a wholesale transfer of liability to the Authority.

62. Participants also identified possibilities for merging individual elements of the Authority's work – most notably water pollution activities, which could in principle be merged with water companies or Environmental Regulators, both of whom work closely with the Coal Authority in delivering this work. In water treatment, participants noted that environmental regulators worked closely with the Coal Authority – but that the current arrangements allowed the regulators to keep separate their regulatory duties from operational delivery of water treatment programmes. There was concern that a merger would combine the operational and regulatory elements of this work, with resulting conflicts of interest. It was also noted that since environmental regulators were devolved, this would involve a transfer of the Coal Authority's work into three different bodies (Natural Resources Wales, SEPA and the Environment Agency), and that the core expertise of the Coal Authority could be lost.

63. In summary, the review team does not recommend that the Coal Authority be merged with another body at this time.

### **Delivery by a new Executive Agency**

64. Participants overwhelmingly felt that delivery by a new Executive Agency would add little value, and that the balance of oversight provided by Ministers as an NDPB was right. Establishing a new Executive Agency to conduct the work of the Coal Authority would entail significant administrative burden. Neither Government nor stakeholders have been able to identify any significant benefits that would accrue from this. Taken on balance, this suggests that the overall impact would be undesirable (with burden outweighing the benefits) and should not be taken forward at this time.

### **Continued Delivery as an NDPB**

65. Overwhelmingly, participants recommended that the Coal Authority's functions were best delivered as an NDPB. Government requires that NDPBs are maintained only when they can pass one of the following three tests:

- Does the body undertake a technical function (which needs external expertise to deliver)?
- Does delivery of the function need to be, and be seen to be, delivered with absolute political impartiality (such as certain regulatory or funding functions)?
- Does delivery of the function need to be delivered independently of Ministers to establish facts and/or figures with integrity?

66. **Delivery of a technical function.** A number of the Coal Authority's activities are technical in nature, and rely on the external expertise of the Authority. This applies to the Authority's work inspecting mine entry points, handling subsidence claims, administering coal mining licenses, and implementing water treatment programmes. In all these areas, participants in the review highlighted that the Coal Authority was able to deliver a level of technical expertise that was invaluable.

67. **Political impartiality and establishing facts and/or figures with integrity.** A number of participants noted that the political impartiality of the Coal Authority was valuable. The Coal Industry perceived that the Authority was an independent body that could represent the needs of the industry among wider energy debates; the independence of the Authority was considered to be helpful to that end. The importance of establishing facts and figures with integrity is particularly relevant in relation to the role of the Authority handling subsidence claims relating to historical coal mining activities. This requires the authority to make judgements on liabilities, and is a role where the role of an independent administrator is valued.

68. The Coal Authority was retained under the Cabinet Office Public Bodies Review in 2011 line with these three tests.

### **Summary of Stage 1**

69. For the reasons outlined above, Stage 1 of this review recommends that the Coal Authority's functions are still required, and that retaining the Coal Authority as a NDPB is the most appropriate and effective delivery model for these functions.

70. Accordingly, the review team recommends that the review proceed to Stage 2 to examine the extent to which the Coal Authority is acting in accordance with the principles of good corporate governance.

## Stage 2 Report

### Introduction

71. Stage 1 of the Triennial Review of the Coal Authority, which was completed on 6 January 2014, recommended that the Authority should continue to carry out its current functions in its present form.
72. Stage 2, which commenced on 14 March 2014, reviews the corporate governance arrangements of the Coal Authority – including the openness, transparency and accountability of the Authority’s governance.
73. Stage 2 has been undertaken in conjunction with the Authority and was carried out in accordance with the Cabinet Office Triennial Review Guidelines. These require, as a minimum, that the controls, processes and safeguards in place should be assessed against the principles and policies of Good Corporate Governance.
74. The approach to Stage 2 included two main considerations:
  - I. **To what extent does the Authority implement the principles and policies of Good Corporate Governance?** Evidence was gathered of how the Authority had demonstrated the principles and policies of good governance (see form at Annex C). This exercise was completed with the aim of identifying any areas of non-compliance, and as needed to explain why an alternative approach has been adopted. Valid reasons for non-compliance might include the need for structures and systems to remain proportionate, commercial considerations or concerns about cost and value for money.
  - II. **To what extent does the Authority operate efficiently?** In light of the need for all Public Bodies to operate efficiently, Stage Two of the Review has also considered the efficiency measures that the Authority has undertaken and the extent to which opportunities for further efficiency remain.

### Assessment and Recommendations: Good Corporate Governance

75. A template covering the key areas of good governance was completed for the Authority, and is enclosed at Annex F. This template considers 10 main areas of the Authority’s governance, taken below in turn. Overall, the authority was found to have good systems in place to ensure that the principles of corporate governance are complied with both in spirit and in letter. Two recommendations have been made, where the Authority and DECC may seek to implement new practices to strengthen its compliance.

### Statutory Accountability

76. Provisions 1-5 of Annex F consider the extent to which the Authority complies with all applicable statutes and regulations, and other relevant statements of best practice. Good evidence was found that the Authority complies with the rules for managing public money, and acts within the limits of its statutory and delegated authorities. The Authority was also found to have put in place processes to ensure it complies with Freedom of Information and data protection legislation, and laws governing the use of Public Records. No departures from the guidance were found in this area.



## **Accountability for Public Money**

77. Provisions 6-9 of Annex F cover the extent to which the Authority complies with good practice of accountability for public money. Evidence was provided that the Coal Authority has invested significant effort in its financial processes – which include the publication of annual accounts, internal and external audit functions, and robust internal control. Consideration has also been given to the positive assessment of the Coal Authority’s internal auditors in the most recent published Annual Report and Accounts, and external auditors as confirmed directly by the review team. The responsibilities of the Coal Authority’s CEO as Accounting Officer are clearly defined, and Mr Lawrence’s experience in this area was commended. The Accounting Officer was provided with a bespoke induction. Overall, the Authority demonstrates it is compliant with requirements in this area.

**Recommendation 1: When appointing any future Chief Executives, the Authority may wish to give consideration to formalising and documenting the induction process—particularly for any incoming executives who would benefit from more detailed training and induction on financial matters and Accounting Officer duties.**

## **Ministerial Accountability**

78. Provisions 10-16 of Annex F cover the extent to which the relevant Minister is accountable for the performance of the public body. Evidence was provided for a good level of Ministerial accountability – the Minister is responsible for approving appointments to the Coal Authority Board, which must also follow OCPA guidance, and is consulted on the appointment of the Chief Executive. The Minister’s responsibilities are clearly set out in the Framework Agreement and the Ministers meets with the Chair and Chief Executive at least annually – but in recent years, twice a year. The last meeting was held in March 2014. The Coal Authority Framework Agreement provides clear rules governing the circumstances under which the Authority must seek Ministerial approval (for example, when forming subsidiary companies). Arrangements were found to be compliant with best practice in this regard.

## **Role of the Sponsoring Department**

79. Provisions 17-20 of Annex F consider the role of the Sponsoring Department in ensuring that there are appropriate links between the Boards of DECC and the Coal Authority, and that the sponsor team provides appropriate oversight, scrutiny, support and assistance. The review found that there is a clearly defined Sponsor team for the body. The Framework Agreement clearly guides this relationship, and dialogue is regular, on-going, supportive and constructive. One area where arrangements did not align precisely with guidance is in relation to scrutiny by the DECC Board. Cabinet Office guidance suggests that the DECC Board’s regular agenda should include scrutiny of the performance of the Coal Authority. There is no such regular agenda item within the DECC Board, but the consideration of NDPBs has been delegated from the Board to Executive Committee (ExCo) level and the Coal Authority will shortly meet with DECC’s ExCo (in July 2014). These arrangements are considered to be a suitable alternative to a regular DECC Board agenda item.

## **Role of the Board**

80. Provisions 21-31 of Annex F consider the effectiveness of the Coal Authority Board. The review team was provided with a significant evidence base showing that the Board considers carefully its role, objective and behaviours – and regularly considers its own effectiveness. All the key requirements of an effective board were evidenced – including holding regular meetings and consisting of an appropriate number and balance of individuals. The Board has established three sub committees – a HR and Remuneration Committee, and Audit and Risk Committee, and an Environment Committee. There is a clear Framework of Strategic Control which shows which areas are reserved for the collective Board, and which delegated to the Executives. In some areas, the Board has gone beyond the requirements listed by the Cabinet Office – for example, in establishing an agreed set of Board Responsibilities and Behaviours, against which the effectiveness of the Board is assessed annually. The Board was found to be fully compliant with the guidance.

**Recommendation 2: The Challenge Group noted that Board members were all subject to annual performance appraisals, and that by virtue of the membership of the Board, the arrangements for the Chair’s appraisal involved some “circularity” – with the Chair being both appraised by, and appraising, another colleague. While it was recognised that this was not unusual in corporate environments the Group recommended the Board prioritises giving consideration to alternative methods of undertaking such appraisals which avoid this direct circular relationship.**

## **Role of the Chair**

81. Provisions 32-35 of Annex F consider the role of the Coal Authority Chair. This position is held by Mr Stephen Dingle, a non-executive director, and evidence was provided that the role of the Chair is clearly defined, and in line with required guidance. The appointment of the Chair is conducted openly and transparently. All requirements were satisfied.

## **Role of non-Executive Board Members**

82. Provisions 36-41 of Annex F consider the role of non-executive Members. The Coal Authority Board contains four non-executive Directors, whose roles are clearly defined on appointment and in the Framework Document. Appointment is open and transparent, and non-executive members were found to have dedicated significant time – indicated by all members attending either 10 or 11 of the 11 meetings held in 2012-13. The Coal Authority currently provides a bespoke induction for each individual Board member. Since Cabinet Office guidelines suggest that the induction should be guided by a “proper process”, there may be merit in the Coal Authority giving consideration to formalising the induction process for new appointees to the Board – although it is likely to remain appropriate for each Board member to receive some bespoke elements, appropriate to their areas of expertise and focus on the Board.

**Recommendation 3: Consideration should be given to formalising the induction process for new Board Members (when the next appointment is made), whilst still allowing flexibility for bespoke elements to the induction as appropriate.**

## Effective Financial Management

83. Provisions 42-50 of Annex F consider whether the public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place. Internal controls include a published approach to risk management, internal and external audit functions and a working Audit Committee. There is a clear expenses policy, and internal control systems are appraised annually in the Coal Authority's annual report. An objective relationship is maintained with the NAO – as confirmed to the review team by the lead NAO official, who praised the quality of the NAO's audit information, the strength of the Audit Committee, and the leadership provided by the Chief Executive and Director of Finance and Corporate Services. The Authority's internal auditors also judged 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 Coal Authority is found to comply with the principles of good governance in this regard.

## Communications

84. Provisions 51-60 of Annex F consider whether the public body is open, transparent, accountable and responsive. The review team was provided with good evidence that the Coal Authority understands its key stakeholders, and engages with them through appropriate channels. The Coal Authority gives close consideration to the fact that many of its roles involve a direct public interface – including its water treatment programmes (which can impact local communities) and its subsidence and mine entry programmes. In these instances, the Authority undertakes significant community and public engagement – for example, through engagement with the Saltburn Gill Action Group. Transparency is further aided by public Board meetings: although, to date, no members of the public have attended these, agendas and minutes are published online to allow wider access. The Authority goes beyond the core Cabinet Office requirements – in that there is a practice of publishing Board papers, in addition to minutes and agendas. All expenditure is published on the Coal Authority website, and performance data is published in the Annual Report and Accounts. Staff are provided with clear guidance on political impartiality, although these do not explicitly cover attendance at political party conferences. Rules are in place to ensure that the use of marketing and PR consultants, and publicity and advertising expenditure, are in line with Government conventions. Members of the public are provided with clear information on how to make a complaint and the Coal Authority reports on its progress in handling correspondence.

**Recommendation 4: Staff guidance on political impartiality should be updated to include specific reference to restrictions on staff attending political conferences in a professional capacity.**

## Conduct and Behaviour

85. Provisions 61-66 of Annex F consider the extent to which the Board and staff of the Coal Authority work to the highest personal and professional standards, promoting the values of the public body and of good governance through their conduct and behaviour.

86. The Coal Authority has a Code of Conduct, modelled on the Cabinet Office code, which staff and Board members must comply with. On appointment, Board members are also provided with information on expected standards – including the requirement to comply with the Nolan Principles of Public Life, declaration of interests, and restrictions around gifts, hospitality and sensitive political activity.

87. Board members receive clear direction on avoiding conflicts of interest – and a register of interests covering Executive and Non-Executive Board members is published online. In addition to this, the Board has agreed a set of Board Responsibilities and Behaviours. It is clear that the Board gives good consideration to its standards of conduct and behaviour.
88. Cabinet Office guidance suggests that Non Departmental Public Bodies should put in place rules for Board members and senior staff on the acceptance of appointments or employment after resignation or retirement, and enforce these effectively. The Coal Authority is currently reviewing the terms of its contracts. The issue of a covenant clause which would influence the ability to accept appointments or employment after resignation is currently being considered within this process – and the Authority has provided documents to evidence this is under consideration. It is recommended that the Coal Authority continue to give consideration to putting such rules in place.

**Recommendation 5: The Coal Authority should continue to give consideration to putting in place rules governing the acceptance of appointments or employment for Board members and senior staff after resignation or retirement. Such rules could either be incorporated into the relevant contracts and appointment literature, or other documents as appropriate.**

#### Assessment and Recommendations: Efficiency *Opportunities*

89. The Review considered whether there is potential for the Coal Authority to make further efficiency savings. The review identified that savings of around 15% have already been delivered relative to 2010-11; the Authority has taken action that will reduce the cost of its 2014-15 activities by more than £5 million compared to 2010-11.
90. Overall, we find that there is evidence that the Authority is giving consideration to the main areas of financial efficiency identified by Cabinet Office (and listed below). Nonetheless, we recommend that the Authority and its Sponsor Team continue these activities.

**Recommendation 6: The Sponsor Team should continue to work with the Coal Authority as part of on-going financial monitoring and business planning to identify efficiencies or opportunities for further shared services. In addition the Authority plans to become more self-sufficient through realising the economic value of their people and information; and promoting themselves as a world leader in resolving the impacts of mining. The Authority will progress discussions with the Cabinet Office Commercial Models Team on the relevant commercial models for delivering this over the course of its 5 year plan and the DECC Sponsor Team will continue to update Cabinet Office Ministers on progress.**

#### **Admin DEL**

Latest forecasts indicate that the Authority will achieve an Admin spend of £4.1m during 2014-15, a reduction of £1.4m from the 2010-11 baseline. Excluding depreciation from both years, the Authority has achieved a 30% reduction in Admin RDEL expenditure.

This substantial saving has been achieved by action that includes a major staff reorganisation in 2011; the successful letting of surplus space in their Mansfield Head Office to the NHS and the Environment Agency; and the implementation of a hybrid in-sourced model for providing IT services that has more than halved costs (see below). In addition to these significant initiatives Admin cost continues to be reviewed and challenged on a line by

line basis with many other actions taken to reduce cost.

Further reductions in Admin expenditure would cause the Authority to be compromised in its ability to deliver its statutory duties and pursue its five year plan of becoming increasingly self-sufficient. Therefore, at this time while the review recommends the Sponsor Team continues to work with the Coal Authority to assess all opportunities for efficiency savings, the review does not recommend that further efficiency targets should be set for Admin DEL.

### **Programme DEL**

In relation to Programme Costs, the Authority has taken action that is forecast to reduce programme cost by around £3.6m as compared to the 2010-11 baseline (these figures exclude the 2011 staff reorganisation). The main drivers of this are a new approach to Public Safety and Subsidence activities (£1.0m savings during 2014/15) and the on-going mine water efficiency programme (£2.4m savings during 2014/15).

Specifically:

- Public Safety and Subsidence savings have been driven by reviewing the approach taken to respond to subsidence and surface hazard claims. Response times have been reviewed and now vary according to an assessment of risk. Treatment methods continue to be developed, challenged and applied according to risk. The mine water efficiency programme actions taken include a review of pumping levels, updated equipment and telemetry, and alterations in design to schemes to reduce chemical dosing.
- Programme cost savings continue to be vigorously pursued. The Authority's ambition is to deliver zero whole life cost mine water schemes by means of research into new treatment technologies and seeking commercial opportunities for its mine water operational sites and by-products.

### **Shared Services**

The Authority continues to look for opportunities to benefit from HMG initiatives to improve efficiency across back office functions. From 2014-15 its internal audit services will be provided by XDIAS (Government Cross Departmental Internal Audit Services), although this is expected to be cost neutral in comparison to their existing service.

The Authority has also engaged with Cabinet Office and Independent Shared Service Centre One (ISSC1) to investigate the possibility of ISSC1 delivering its core business processes of Finance, HR and Procurement. The Authority previously looked at joining ISSC1 in 2013. However, indicative costs showed the option under exploration would have increased the Authority's administrative costs at that point in time. The Authority wishes to explore how a move to Government Shared Services could achieve increased efficiencies and greater savings for its future and will continue to engage with the programme to ensure that future opportunities are taken, should they prove cost-effective for the organisation.

### **Digital by Default**

A key operational service of the Authority is the provision of Coal Mining CON29M mining reports. The Authority currently provides 300,000 reports per year, serving a third of the conveyancing market. 99% of these are delivered digitally, and of these, 80 % are provided through a self-service system – requiring just five customer-facing support staff. In 2013, the Authority successfully piloted joining up services to the conveyancing market through HM Land Registry.

### **Goods and Services**

Central Government contracts are used in line with HMG policy and across categories including electricity (a major spend across its operational sites) vehicles, facilities

management, stationery, ICT, and travel.

### **IT expenditure**

The Authority has developed and implemented a hybrid insourcing strategy in line with Cabinet Office strategy; increasing in-house capabilities for its IT services; while employing SME's to deliver specialist, non-core services. The Authority considers that this has increased agility, quality and capability whilst reducing the overall cost of delivery. This has realised a saving of around £1m per annum (c60%) through admin and programme expenditure compared to the previous outsourced contract with Capgemini.

The increase in capabilities delivered through this strategy will open up a number of opportunities for further cost reduction of IT service delivery through programme expenditure over the medium term. These are being actively evaluated and prioritised and include further increases in capability for the delivery of core services, the further use of Cloud services and replacement of proprietary software with Open Source alternatives.

### **Construction and Operations Contracts**

The Authority is retendering several contracts across its operation during this year. On-going efficiencies will be driven through these processes.

The strategy for the procurement of the mine water design, build and construct and operation contracts (worth £10m per annum in total) has been developed with input from industry experts, engagement with other Departments and Agencies, and the employment of specialist procurement resource acquired through HMG's Strategic Procurement Services. The contracts are designed to incentivise innovation and minimise scheme whole life costs.

### **Commercial Contracts**

Other than the contracts outlined above, the most significant commercial contract operated by the Authority is with Scisys, and was procured to design, build and support the latest generation of the Authority's Geographic Information System (which includes the production of mining reports). This contract expires January 2017 with a possible 2 year extension period. Expenditure during 2014-15 is expected to be c£1m.

Options in respect of the future model to operate and further develop this system will be generated and considered during 2014.

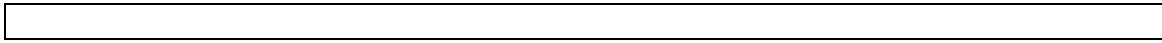
### **Fraud**

The Authority's Governance Framework is underpinned by a proportionate financial control framework that is designed to manage the risk of financial loss. This is well established and incorporates; Policies & Procedures, clear Delegated Authorities and Segregation of Duties. Specific policies include Anti-Fraud and Corruption, Whistleblowing and Gifts and Hospitality. This framework is subject to a cyclical review and challenge process (including Audit Committee) to ensure that Policies and Procedures are fit for purpose and operating efficiently and effectively.

The financial control framework is subject to annual review by both Internal and External Audit to ensure they remain effective, providing additional sources of assurance.

There is no evidence to suggest that the Authority incurs material loss through fraud or error. Since 2011, the Authority has completed three key exercises in line with HMG guidance that have supported the Authority's proportionate approach to managing the risk of financial losses as a result of Fraud, these being;

- Fraud Mapping (February 2011)
- Managing the Risk of Financial Losses (March 2012)
- Spend Recovery Audits (December 2013)



**Annexes to Stage 1 & 2 Reports**

**Annex A** – Feedback Questionnaire

**Annex B** - Groups invited to provide feedback and their involvement

**Annex C** - Feedback from the one-to-one discussions

**Annex D** - Feedback from the workshops

**Annex E** - Responses to the questionnaire

**Annex F** - Evidence provided for compliance with Principles of Good Corporate Governance

## **Questionnaire**

### **Introduction**

All Government departments are required to review all their Non Departmental Public Bodies (NDPBs) at least every three years. As announced by Michael Fallon on 9 October 2013 the Department of Energy and Climate Change (DECC) has agreed with the Cabinet Office, which oversees this process, that the Coal Authority will be reviewed this year.

The first stage of a review is to consider, with input from stakeholders, the continuing need for the NDPB's functions and the form in which they are delivered.

### **Functions of the Committee**

The Coal Authority owns the vast majority of the coal in Great Britain, as well as former coal mines. It is an NDPB sponsored by DECC and was established by Parliament in the Coal Industry Act 1994 to undertake specific statutory responsibilities associated with:

- licensing coal mining operations in Britain;
- handling subsidence damage claims which are not the responsibility of licensed coalmine operators;
- managing property and historic liability issues, such as surface hazards and treatment of mine water discharges; and
- providing public access to information on past and present coal mining operations.

Full details of the Authority's work can be found on their website - <http://coal.decc.gov.uk>

### **Your views**

We are seeking your views as key stakeholders of the Authority and your responses will form part of the evidence base for the Review. Please therefore be as open and honest as you can be and illustrate your responses with evidence or examples wherever possible. There is no word limit, but please keep your views concise where possible.

So that we know what particular work of the Authority you are referring to please be specific and spell out all acronyms.

Please let us know your views under the following sections. Not all sections will be relevant to every stakeholder and if you feel you are unable to comment in some areas simply put 'Not applicable' or you can leave the box blank. It is not necessary to be limited by answering the specific question asked - rather, these are best seen as prompts to ensure all relevant aspects are covered.

We will publish an anonymised summary of the responses to the questionnaire as part of the final report and may make reference to the area of industry referred to but not to specific organisations or individuals.



**Role of the Authority**

**The Authority has four key roles:**

- licensing;
- subsidence damage claims;
- public safety; and
- mining information.

**Please state in which areas you have interaction with the Authority**

**How relevant and important is the Authority's work in this area?**

**Do you feel that the Authority could do more in this area of work? Could it make better use of its resources/knowledge?**

**Do you feel the Authority has a clear idea of its direction in this area for the next 5 to 10 years?**

**How do you feel the Authority could do things differently in this area?**

**Overall, what do you feel is the impact of the Authority and do you feel it has its intended effect?**

**Alternative ways of delivering the functions of the Committee**

As part of all Triennial Reviews potential alternative models for delivering the functions must be considered. What do you see as the benefits and risks of delivering the functions of the Authority in these alternative ways? In particular, do you view any of these methods of delivery as beneficial, and why?

**These are:**

<b>Deliver Models</b>	<b>Comments</b>
<b>Abolish</b>	

<b>Move out of Central Government (e.g. to voluntary or private sector)</b>	
<b>Bring in-house (e.g. to an existing part of the Department of Energy and Climate Change)</b>	
<b>Merge with another body</b>	
<b>Delivery by a new Executive Agency</b>	
<b>Continued delivery by an NDPB</b>	

**Any other comments**

Do you have any other comments regarding the Authority that you would like us to be aware of in the context of this Triennial Review?

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**About you and your organisation**

You may complete and return this sheet anonymously if you wish. If you do not include your details below, this document will be saved anonymously and not linked to you in any way. However, we would really appreciate it if you could let us know which organisation you are responding on behalf of or at least how your work interacts with the Authority.

<b>Your Contact Details</b>	
<b>Name</b>	
<b>Organisation</b>	
<b>Role within organisation</b>	
<b>How your work interacts with the Authority</b>	
<b>Address</b>	
<b>Telephone number</b>	
<b>E-mail address</b>	
<b>Length time dealing with the Authority</b>	

**Annex B****Groups invited to participate and their involvement**

<b>Stakeholder</b>	<b>Area of Interest</b>	<b>Workshop</b>	<b>Questionnaire</b>	<b>1:1</b>
Association of British Insurers	Mining Information			
BIS				
British Geological Survey	Mining Information		X	
Cabinet Office	All issues			x
CoalPro	Licensing and Public Safety	X	X	
Council of Mortgage Lenders	Mining Information		X	
Defra	Mine water Treatment		X	
EA	Mine water Treatment		X	X
Forestry Commission	Mining Information and Public Safety		X	
Health and Safety Labs	Mine water Treatment	X		
HMT	All issues			
HSE	Licensing and Public Safety			
Land Registry of England and Wales	Mining Information and Public Safety			
Land Registry Scotland	Mining Information and Public Safety			
Law Society of England and Wales	Mining Information and Public Safety			
Law Society of Scotland	Mining Information and Public Safety			
Local Authorities	All issues		X	
Mines Rescue Service	Public Safety			
Natural England	Mining Information and Public Safety			
Natural Resources Wales (NRW)	Mining Information and Public Safety	X	X	
Network Rail	Public Safety			
Scottish Government	All issues			X
Shareholder	Mining Information			X

Executive				
SEPA	Mine water Treatment		X	X
The National Archives and OPSI	Mining Information	X	X	
Universities	Mining Information			
Coal Producing companies	Licensing	X	X	
Water Companies	Mine water Treatment		X	
Welsh Government	All issues			

**Summary of 1:1 sessions**

**Environmental Regulators**

In addition to submitting questionnaires, one of the Environmental Regulators participated in a workshop, and two were invited to submit views by 1:1 interview. These interviews provided confirmation of the questionnaire responses and in particular that:

- The work of the Coal Authority in mine-water treatment programmes was respected and valued.
- The Coal Authority had been effective in conducting cost-benefit analysis to support the identification of projects that did not have “disproportionate” costs under the Water Framework Directive. It would be necessary to keep this methodology under review to ensure that the needs of the Directive are met.
- In respect to Licensing unconventional technologies, such as Coal Gasification, regulators expressed concern over the potential negative environmental impacts. Regulators would welcome more work by the Coal Authority in considering the environmental impacts of such technologies in providing licensing.

**Cabinet Office Commercial Models team and Shareholder Executive**

Discussions were held with Cabinet Office Commercial Models team and Shareholder Executive to discuss the Coal Authority’s ambition (as expressed in its five-year corporate plan) to maximise the commercial potential of its assets.

These interviews discussed the Authority’s position on commercial models.

- The Authority has, under powers provided by the Energy Act 2011, been able to successfully exploit relevant expertise in a revenue-generating capacity.
- Largely, this has focused on two areas:
  - Information provision
  - Application of its mine water expertise to non-coal mining activities.
- The Coal Authority is keen to further develop these activities, with a view to moving to a more “self-sufficient” funding model with less reliance on Grant in Aid from DECC.
- The Coal Authority is seeking to grow its revenue-generating activities. The Authority is not currently proposing a change of delivery model, but is keen to allow for further consideration of commercial delivery vehicles as appropriate in future.
- The gross revenue generated to date (in 2012-13, £8.4m from information provision and £3.2m from environmental services) was not considered by the Coal Authority or the Commercial Models Team at the Cabinet Office to merit the establishment of a new commercial vehicle.

Feedback from workshops

Workshop One

18 November 2013

Section 1: The functions of the Coal Authority

The group discussed the main functions of the Coal Authority to establish whether there was felt to be a continuing need for these functions:

1. Licensing and land ownership
2. Subsidence damage claims
3. Public safety/waste water
4. Mining information

1. Licensing and land ownership

- The group discussed that the licensing work of the Coal Authority had been vital since the organisation came into being in 1995 after the British Coal ceased trading. The industry understood how to get a license and this was functioning effectively. (Coal Industry)
- There was some discussion of whether licenses were granted as quickly as they had been in the past: delays in issuing licences caused by the CA could result in costs to industry. (Coal Industry)
- The group discussed the potential for there to be a broader role for the Coal Authority, to speak for the Coal industry which may not have “many friends in government”. (Coal Industry)
- **The group was agreed that there was a continuing need for the licensing work currently undertaken by the Coal Authority.**
- The group discussed the Coal Authority’s responsibility as a land owner – and queried whether the holds onto land that it needn’t. It was discussed that the Authority does not retain experts as “land owners” and this is not a core role: it would be better to sell the land to contribute to the economy, in line with the requirements under the Act. (Coal Industry)

2. Subsidence damage claims

- It was agreed that the Authority’s work in relation to subsidence needed to be carried out. There is a need for this to involve an organisation that can work with others (e.g. local transport), and the Coal Authority uses its specialist knowledge to good effect. (Health and Safety)
- The CA had significant relevant expertise and it was important that this was retained despite any resource cuts. (Coal Industry)

- It was agreed that when conducting its work on subsidence, the Authority should be planning for how this will be handled against a backdrop of a declining coal industry: subsidence normally only occurs within six years of underground activity. (Coal Industry)
- There was discussion of the issue of bonding. Participants suggested that the expertise of the Coal Authority may be valuable on the issue of bonding. (Coal Industry)
- **Overall, the group agreed that there was a continued need for the subsidence and safety work of the Coal Authority to continue.**

### 3. Waste Water treatment

- The group discussed the extent to which the Coal Authority is required to prioritise work. One participant felt that the Coal Authority's focus was on larger scale problems, with treatment systems located in areas where the maximum clean up could be achieved. Ideally every discharge would be cleaned up but it was impossible to control this completely so it was right for the Coal Authority to prioritise. (Coal Industry)
- **Generally, there was agreement that the Authority's work in waste water treatment was important and needed to be continued**

### 4. Information

- It was noted that the Coal Authority had been effective in finding ways to add value to its information and then selling information on. This gave the Coal Authority the ability to generate revenue which could be put back into the organisation to improve its services. (Information)
- The group discussed that the Coal Authority did an important function in ensuring information held by the Authority could be accessed by those who needed it – which would largely include home buyers. (Health and Safety).
- **It was agreed that this was an important function that needed to be continued.**

### Other functions

- In seeking broader views on the Coal Authority's functions, it was agreed that the value of the Coal Authority was "greater than the sum of its parts" – that there was value for the authority's functions being conducted by the same organisation. (all participants)

## **Section 2: Delivery models**

The group discussed the options for delivering the functions of the Coal Authority, and the potential for benefits from moving to another model of delivery

1. Abolish
2. Move out of Central Government

3. Bring in house
  4. Merge with another body
  5. New executive body
  6. Continue as a Non Departmental Public Body (NDPB)
- There was general discussion that alternative delivery models would not deliver the core benefit of the Coal Authority, which is that the relevant expertise is held centrally in one place. The Authority has the ability to share knowledge across its areas of work, and if areas of its work were delivered by other groups, this benefit would be lost. (all participants)
  - If the CA was dissolved then its functions would move to more than one body. This would lose the specialist expertise held at the CA. (Coal Industry)
  - There was also discussion of the role of the Coal Authority in being able to “speak for the coal industry.” (Coal Industry)

**The strong preference of the group was for the Coal Authority to be retained in its existing format as an NDPB.**

In particular, the group discussed:

- That while aspects of the work (e.g. licensing) could feasibly be moved closer to Government, this would require the relevant expertise to be maintained. There is value in retaining a “critical mass” of this expertise at the Coal Authority, rather than seeking to split the teams or move wholesale the relevant experts to London. (Coal Industry)
- That if the Authority ceased to be an NDPB, it may no longer be able to access Ordnance Survey information without charge, and this would impact the information elements of the business severely. (Information)
- While licenses could be provided by Local Authorities, this would be significantly less advantageous: Local Authorities would lack the expertise, which would then need to be sought from the Coal Authority staff, and this would lead to significant delays and loss of “efficiencies of scale”. The Authority already has an important role in providing assurance for LAs on mining issues. Retaining the single source of information and knowledge benefits everyone.

The group discussed whether some of the Authority’s information work could, in principle, be delivered by another body.

- Once some of the Authority’s plans were digitised, the group questioned whether other organisations would be able to provide this information and noted that this might be possible. (Coal Industry)
- Other members of the group, however, noted that the Coal Authority did not just make the information available- it also added value through understanding the data and being able to put it into context. It was discussed that the CA used the same technical language and technical references as the mining producers. Information at the CA is handled by staff who know what the information is and this added value to the process. For example, it was



important for engineering works to be crossed checked with the records held by the CA. (Coal Industry)

- The group considered whether there are organisations with whom the Coal Authority could merge in this area. The only other body of relevance is the British Geological Survey, but the relevance of expertise was questioned. (Information)

There was also significant discussion on whether there are opportunities to merge other functions and areas of work with that of the Coal Authority (i.e. an “inward merger”). The following areas were considered:

- Subsidence work for non-coal minerals (which are held privately). The group questioned whether a streamlined system for all non-coal minerals would be advantageous.
- Waste water treatment for non-coal minerals. The group noted this work was already conducted by the Coal Authority to some extent.
- Some geological functions of the Environment Agency’s work.
- Broader responsibilities under the Mining Waste Directive

## **Workshop Two**

**20 November 2013**

### **Section 1: The functions of the Coal Authority**

The group discussed the main functions of the Coal Authority to establish whether there was felt to be a continuing need for these functions:

1. Licensing and land ownership
2. Subsidence damage claims
3. Public safety/waste water
4. Mining information

1. Licensing and land ownership

- It was discussed that The Coal Authority’s role in providing licenses was vital (Coal Industry); and that the Authority carried out its work in a way that allowed early interactions with building notification processes. (Information) The Authority’s work planning in this area was viewed to be good. (Environmental Regulator)
- The group discussed the potential for different mineral licensing to be conflicting/interrelating – for example those seeking to exploit shale gas or methane may interface with those seeking to exploit coal resources. The group felt may be value in a joined-up approach to these issues and there may be potential to allow for a wider range of energy planning considerations to come together in one organisation. (Coal Industry, Environmental Regulator)

- It was agreed that the Coal Authority was able to bring its expertise to bear in tackling the “red tape” associated with planning. It may be possible for the Coal Authority to do more to reassure Local Authorities, for example, that the impacts of granting licenses would be manageable (i.e. that “large holes were not about to open up in the ground”. This has the potential to avoid expensive planning enquiries. The advice provided by the Coal Authority was agreed to be independent and well balanced. (Coal Industry, Information)
- **The Group was agreed that there was a strong need for the functions of the Coal Authority in licensing to continue.**
- The Group also discussed the responsibilities of the Coal Authority as landowners. It was noted that the Coal Authority had worked with the Forestry Commission and Natural Resource Wales to consider alternative uses for less valuable land – particularly planting trees, and this was valuable work (Environmental Regulator, Central Government Department)

## 2. Subsidence damage claims

- The group discussed that the fact that the Authority had handled 1,000 incidents this year demonstrated a continued need for this work. It was agreed that from an operators’ point of view this is uniquely useful.
- The Coal Authority was agreed to hold a lot of information on subsidence risk – and that this was a great improvement on other areas of mining (i.e. non-coal minerals), where this information was not centrally held. There was no such body as the Coal Authority in the other non-energy mines such as chalk, salt, potash It would be beneficial to hold all mining subsidence information with the Coal Authority and not just coal mining information – particularly as the individuals involved in historic mining have got older, there is a risk that this information is dissipated and lost. It would be best to concentrate such information in one area. (Coal Industry, Environmental Regulator)
- Some participants felt the Coal Authority was often reactive rather than proactive in handling subsidence issues as a result of the need to prioritise. There may be value in the Authority being more proactive in such roles as dealing with land to be developed and educating developers/house owners as to what to expect if there was a mine below ground. (Coal Industry)
- **The group agreed strongly that there was a continuing need for the subsidence and public safety elements of the Coal Authority’s work to continue.**

## 3. Waste water treatment

- The work of the Coal Authority under the Water Framework Directive was agreed to be of significant benefit. In Wales mines caused the biggest source of water pollution (Environmental Regulator). The group agreed that the research that had been conducted by the Authority, and their ability to bring their expertise to bear to ascertain value for money, were both very high quality. (Government Department, Environmental Regulator)

- It was noted that for water pollution from coal mining it was often too late to treat the problem “at the source” but the expertise that the Coal Authority brought meant that they did not only look for superficial solutions – they understood the causes of water pollution, because of their knowledge of mine workings. (Environmental Regulator).
- The group agreed that the Coal Authority knew how to get the best benefits for its resources and it was internationally recognised as an outstanding service provider. (Central Government Department, Environmental Regulator)
- This was an area of work where the Coal Authority was viewed to be very proactive – particularly on the economics of waste water areas; they were “on the economic front foot” by establishing the cost benefit of schemes to take forward. The Coal Authority would only take forward a scheme with financial and environmental benefits. They were also good at taking new technologies out of the laboratory and putting them into a practical application. (Central Government Department)
- **The group agreed that there was a continuing need for the water treatment elements of the Coal Authority’s work.**

#### Information /Relevance of work

- It was discussed that some of the Coal Authority’s information provision could be delivered through others, for example, if scanned copies of abandoned mine plans were uploaded to the Coal Authority website.
- The group agreed that the Coal Authority added significant value through its information products, by the ability to understand and interpret the information provided.
- It was discussed that the data provided by the Coal Authority had the potential to be “dangerous” if used in the wrong way. The Coal Authority knew where liabilities may arise, however, the way their advice was often structured meant they gave all the likely outcomes but not the likelihood of each outcome occurring. If the Coal Authority was to become a commercial organisation it may need to consider its liabilities. The group suggested it would be beneficial if the Coal Authority could put the raw data into context without concern that any misuse would be their responsibility. (Coal Industry, Information)
- It was, however, discussed that there is potential for information provision to provide a source of revenue to the Coal Authority, and this would be valuable. It was discussed that changes to charging regime may limit the ability of the Coal Authority to charge beyond covering its costs for information provision, and that the Coal Authority would need to consider this. (Information)

**The Group agreed there was a need for the Coal Authority’s information provision functions to continue**

#### Other functions

- It was noted that the Coal Authority could have a broader role in dispute resolution in the coal industry. Coal Authority staff were often happy to bring their expertise to bear – for example in dispute resolution over subsidence damage. (Coal Industry, Information)

## **Section 2: Delivery models**

The group discussed the options for delivering the functions of the Coal Authority, and the potential for benefits from moving to another model of delivery

1. Abolish
  2. Move out of Central Government
  3. Bring in house
  4. Merge with another body
  5. New executive body
  6. Continue as a Non Departmental Public Body (NDPB)
- **There was general agreement that the NDPB function was effective for the Coal Authority.** As a general observation, participants noted that the Authority's work was generally delivered very effectively, and that there would be limited appeal in changing a model that is delivering effectively now. (all participants)
  - It was also agreed that having the Coal Authority's functions delivered together provided benefits – it allowed the expertise developed in one area to be applied in another and ensured synergy of expertise. (all participants)

Specifically:

- It was discussed whether forming a new Executive Agency would bring the Coal Authority more closely aligned with Ministerial interests. Participants felt this would deliver little in practice as ministers have a good level of oversight over the work of the Coal Authority as an NDPB and changing to an Executive Agency would provide very little benefit. (Coal Industry)
- Although water elements of the Authority's work could feasibly be delivered by the Environment Agency (and its devolved counterparts), this would involve breaking up a single body into three devolved agencies, which would make delivery more complex rather than streamlining it. (Environmental Regulator)
- If the Coal Authority's functions were delivered in the private or voluntary sector, the group considered that there would be severe risks that public safety would be compromised – particularly in water quality, where a determination must be made over the extent to which water quality can be improved; the group questioned whether such a judgement on how to value public safety could be made in the private sector.
- It was agreed that the Authority's current status did not prevent it from taking on additional work in non-coal areas of mining (e.g. in water treatment), and therefore was not preventing the Authority from bringing its expertise to bear in an appropriate way.

- The group discussed whether there is potential for the work delivered via contractors in waste water could be contracted directly from Defra, rather than through the Coal Authority. In this event, the expertise brought by the Coal Authority as an “intelligent customer” to assess, prioritise and scrutinise proposals to ensure overall value for money would be lost. (Central Government Department)
- If the Coal Authority did not remain as an NDPB, its information rights status may be changed. For example, if the Authority were to become an executive agency it would have to consider what its intellectual property rights were. (Information)

The group noted that there may be potential for the Coal Authority to merge with functions provided by other groups, and specifically those with responsibility for licensing other mining activities (noting the potential for interests in e.g. shale gas and coal to interrelate).

**Summary of questionnaire responses**

**The functions of the Coal Authority and the need for these functions to continue**

1. **The Coal Authority is general well regarded and valued by its stakeholders**
  - It has long been understood that the CA branding is recognised as THE regulatory body for coal mining activities. (Government Department)
  - The Authority's work is extremely relevant and important. (Coal Industry)
  - The Authority is well regarded and conducts itself professionally and efficiently. (Coal Industry)
  - Abolishing is not beneficial. (Coal Industry)
  - We are satisfied with the way the Authority currently carries out its work. (Local Authority)
  - The roles are fundamental to the operations and executions of the Dean Forest (Mines) Act. The 1994 Coal Industry Act takes into account the reservations of Dean Forest (Mines) Acts, and the 1997 agreement between the CA and Forestry Commission will by definition require the existence of such a regulatory body. (Government Department).
  - "The Council is well-placed to comment on the effectiveness of the Authority and would agree that it is meeting its intended strategic objectives." (Local Authority)
  - "In its area of expertise and authority, we consider it is very effective." (Information)
  
2. **Stakeholders perceive that the Authority's value extends beyond its core functions and the authority has a broader role to play in representing Coal within the energy debate:**
  - "The Authority is the glue that binds the industry together. This strength should not be under-estimated in the context of the energy debate and security of supply." (Coal Industry)
  - [It could] "perhaps provide a wider view on how coal is used in the UK and the impact that imports are having on the GDP." (Coal Industry)
  - "I think industry would suggest that the CA could do more to promote the coal industry." (Coal Industry)
  - [The Authority] "Acts as a clear liaison between other government bodies." (Coal Industry)
  - "I think industry would suggest that the CA could do more to promote the coal industry." (coal industry)
  - "It is useful to have all mining expertise under one roof. Staff at the Coal Authority understand mining issues. Were historical mining records moved elsewhere it is likely that they would be administered by people with no such understanding. Whilst the Authority staff generally appear sympathetic to the plight of the coal industry, they appear not to have the resources to deal quickly with approaches to them not only for licences but also for other matters (e.g. release of restrictive covenants, property rights, transfers of leases, etc). Delays in responding to requests for commercial negotiations by coal mining companies slow down the development process...Generally, it could – and should - handle approaches impacting on any of its commercial areas more quickly." (Coal Industry)
  
3. **The work of the Coal Authority in granting licenses for Coal is a function that is considered important and one which needs to continue.**

- “Licensing for exploitation –vital.” (Environmental regulator)
  - “A body needs to be responsible for licensing / leases; for protecting against subsidence and for the provision of mining information. If the Coal Authority were not responsible; another body would be needed to perform the same duties.” (Coal Industry)
  - “Applications for licenses and other information are turned around quickly and costs are kept at a minimum to the client.” (Coal Industry)
  - “The management of the extraction of coal, coal bed methane or underground coal gasification can have a significant impact on the environment of Wales. We work with the Authority to ensure sustainability and minimise the potential negative effects.” (Environmental Regulator)
  - “Despite the decline in the coal mining sector across the UK, the Coal Authority’s work in respect of licensing remains central to the effective regulation and oversight of the industry. East Ayrshire has very recent experience of the impact of the declining industry and recognises the importance of the licensing of active coal operators to ensure that the operators continue to comply with the terms of legal agreements/permissions, particularly in respect of health and safety, pollution control and restoration.” (Local Authority)
  - “the CA provide a regulatory framework for licencing, this is not only essential to the management of the country’s coal reserves, it require bodies to notify an area where interaction may take place (e.g. surface bore holes / new surface structures that may require support).” (Coal Industry)
4. **Some participants recognise that there is potential for the experience of the Coal Authority to be applied more widely – including in coal gasification (which is within the responsibilities of the Authority) and some sources which are not.**
- “They could possibly become involved in the gasification technology and from this there is a clear link to shale gas, or licencing the coal bed methane gasification process. In effect bringing all the onshore energy under the one umbrella.” (Coal Industry)
  - “does not go far enough in relation to the suitability of resources for, in particular, underground coal gasification.” (Environmental regulator)
  - “In relation to licensing the exploitation of coal by means other than mining we believe there is a role the CA could fulfil in relation to the suitability of seams for the exploitation type proposed (removal of methane with or without fracturing or the underground gasification of the seam).”(Environmental regulator)
  - “In simple terms the CA appears to ‘sell’ the rights to unexploited coal and deal with the legacy of the industry pre-privatisation. Where the role could be enhanced would be to provide greater certainty that the risks arising from ‘selling’ new rights (environmental damage, failed restoration, ‘support’ for unproven exploitation techniques etc) will not result in unacceptable consequences for the environment and communities.” (Environmental regulator)
  - “In considering areas outside of energy there is the general licencing of other minerals. This is more complicated since in some cases the minerals are not ‘owned’ by the government but by private land owners. IT could however add the same level of rigour to ensure that the legacy issues are being considered as part of the operation.” (Coal Industry)

- “[We] believe that the Coal Authority should be resourced so that it can deal with licensing and leasing issues far quicker than it is able to at present. Delays in the issue of licences and leases can cause delays in the starting of new mining production. This has knock-on effects in terms of employment – and hence impact on the economy, etc.” (Coal Industry)
5. **Some respondents questioned whether there is potential for the Coal Authority to play a greater role in determining the suitability (including financial suitability) of operators involved in mining:**
- “The Council would request that the Coal Authority review its assessment process for determining if applicants for coal operating licences pass the “fit and proper person” test. In particular, a strengthened assessment process should establish the financial viability of operators prior to any licence being granted and then on a regular basis thereafter; the ability of the operator to meet the costs associated with legal agreements relating to specific planning permissions should underpin the assessment process for the duration of that planning consent. This would include any restoration liabilities and the use of acceptable financial guarantees such as bonds or escrow accounts. This type of regular assessment of the ability of the company to fulfil its obligations would ensure that companies do not front load the capital to secure the Coal Licence and once granted reduce funding to the key business plan objectives in favour of profit.”(Local Authority)
  - “The Scottish Government is expected to publish a consultation on the use of financial guarantees/bonds etc for the purposes of meeting the financial liabilities arising from opencast mining restoration and it will be important that the role of the Coal Authority is reflected in any outcomes.” (Local Authority)
  - “It may have a role with planners around surface mine schemes. It may be possible that they could be used to give an independent view of risk/ bonding etc. From an operators perspective one of the key issues facing industry today is the red tape (and in some cases apparent gold plating) that planning creates. There may be a role that the CA would carry out to promote schemes and make suggestions given their experience how the public are best served/protected.” (Coal Industry)
  - “Legacy from the untimely demise of some companies in the opencast area – the CA could have more of a role in ensuring effective restoration is achievable and achieved to support the planning authorities. Also in identifying if an area is suitable for exploitation by opencast (statutory designations apply). The licensing role could incorporate more about suitability of both site and operator. Also where a lease reverts to the CA but the restoration has not been concluded (say as a result of insolvency) the CA should have a role in delivering that restoration.” (Environmental regulator)
  - The Authority has a large part to play in ensuring the UK mining industry has operators who meet the required criteria, ensures that the results of current and recently passed mining operations have the lodged funds to pay for the subsidence effects which they might cause or have caused. (Environmental Regulator)



**6. One participant felt the Coal Authority could do more to exercise its duty under the Coal Industry Act 1994 to sell all unrequired land, although one noted that the Authority had found alternative uses for the land in its ownership, with wider benefits.**

- “All non-operational land should be sold to stimulate market opportunities – including the rights to enforce overage and restrictive covenants not linked to operational land.” (Coal Industry)
- “Land on former colliery sites, some in the control of the Authority, could be used to contribute to Wales’s aim to expand the woodland estate in Wales by 100,000 hectares. This could have multiple benefits including: improving carbon storage, providing a timber resource and valuable new habitats, reducing the impacts of climate change and regenerating disadvantaged areas socially and economically.” (Environmental regulator)

**7. A large number of responses noted that the work undertaken by the Coal Authority to remediate pollution caused to water by mining was vital and needed to be continued. Respondents referred to the functions carried out by the Authority under its responsibility for coal liabilities (under the Coal Industry Act 1994) and also in projects where this expertise had been provided, in exchange for appropriate funding, to support projects tackling pollution from non-coal mines under the Water Framework Directive.**

- “Mine water discharges – vital to secure compliance with the Water Framework Directive. (WFD)” (Environmental regulator)
- “Pollution prevention activities are essential.” (Environmental Regulator)
- “The work which the Authority carries out will deliver improvements to water quality, as required by the Water Framework Directive.” (Central Government Department)
- “abandoned mines and contaminated land account for more failures in Wales to meet the [European Water Framework] Directive than any other single identified cause. The Coal Authority therefore has a key role in helping Wales and the rest of Britain meets the requirements of the... Directive and thus reduce the infraction risk arising from non-compliance.” (Water industry)
- “Much remains to be done if the legacy of Wales’ mining industry is not to threaten the UK’s compliance with its international obligations... As well as abandoned coal mines, this needs to include action to address the many old metal mines that are dotted around Wales. ” (Water industry)
- “[We] would not want the Authority to do things differently. We would, though, like the Authority to do more. There are many other abandoned mine workings – coal and metal – impacting on a significant proportion of watercourses in Wales. The best way to address them would be through a prioritised programme of investment in pollution abatement led by the specialists in the field, i.e. The Coal Authority...We feel there is a strong case for increased activity in this area.” (Water industry)
- “Abandoned mines are the most significant pressures on the quality of the Welsh water environment, presenting a significant barrier to the achievement of Good Ecological Status because of discharges of metals including hazardous substances such as cadmium. The Authority is internationally recognised for its expertise in mine water treatment. That expertise has resulted in a significant improvement in the quality of the Welsh environment with eleven mine water treatment plants protecting over 100km of our rivers, reducing the

risk of flooding and creating new habitats. To achieve our targets we consider that the work of the Coal Authority in this field must continue and would ideally be expanded.” (Environmental regulator)

- “The environmental benefits of the Authority’s mine water treatment programme are significant and sustainable, improving not only the ecological quality of our rivers but contributing to the economic vitality and the health and wellbeing of communities in otherwise disadvantaged areas.” (Environmental regulator)
- “There are 3000km of surface waters...polluted due to the impacts of past mining...the programme has an aspiration, subject to available funding, to deal with all unacceptable mine water discharges where the benefits of remediation clearly outweigh the costs.” (Environmental Regulator)
- “The Coal Authority has been a real success and has important work still to do.” (Water industry)
- “There is still significant scope for innovative treatment of mine waters, coal and metal, in locations where environmental sensitivity, access or urbanisation make the usual treatment methods difficult. The Authority conducts a significant programme of research in this area which could be expanded with opportunities for research sites which are available in Wales.
- “In relation to treatment of non-coal mine waters in Scotland there are areas where the CA has provided technical support to SEPA. More of this would be appreciated to support Scotland and the UK complying with the WFD.” (Environmental Regulator)
- “The Authority has made a positive impact on delivering improvements to metal mine impacted waters by: improving our understanding of the issue; identifying the costs, benefits and risks relating to remediation work; identifying novel technical solutions and effectively managing the building of new remediation schemes.” (Central Government Department)

**8. One participant sought clarification on the role of the Coal Authority in these wider projects.**

- “It is noted that the Coal Authority has responsibility for managing water pollution caused by mining so that water is protected and improved. It is also acknowledged that the Scottish Environmental Protection Agency (Environmental regulator) has similar duties. The Council would request, therefore, that guidance is provided to clarify the respective roles of both organisations.” (Local Authority)

**9. The Coal Authority’s expertise in treatment of contaminated water was very highly valued.**

- “The Authority’s role is unique and vital to the delivery of the [abandoned metal mines] programme. They are the only organisation who can bring the requisite technical knowledge and corporate stability needed to participate in a programme which of necessity involves on-going treatment of pollution over a substantial time period (decades).” (Environmental Regulator)
- “The Authority regularly uses its knowledge of technology to remediate coal mine impacted waters, to deliver improvements and efficiency savings to our existing scheme at Wheal Jane, reducing costs to the tax payer. Similarly the Authority is currently using proven treatment technology that they have used to treat coal-mine impacted waters, to build a

treatment plant to treat ironstone impacted waters at Saltburn Gill.” (Central Government Department)

- “The Authority has worked flexibly and has carried out additional tasks if asked. For example when asked they provided more rigorous cost benefits assessments, and at an earlier stage, for potential remediation schemes.” (Central Government Department)
- “The Coal Authority is an essential and willing partner. Their contribution is vital to [the programme’s] success.” (Environmental Regulator)
- “Very much welcome the constructive approach that the Coal Authority has taken...the dozen pollution abatement schemes that the Authority has so far completed in Wales have addressed some of the worst inputs from old coal mines.” (Water industry)
- “The Authority demonstrates a willingness to work with other agencies with an interest... and adopt a partnership approach to the Directive’s delivery.” (Water industry)
- “The Authority has always shown a willingness to consider innovative approaches to tackling pollution from abandoned mines and so help its finite resources go further.” (Water industry)
- “Despite being a comparatively small, low profile organisation, the Authority enjoys a high reputation amongst those organisation it has regular dealings with...it has succeeded in starting to tackle a problem that had hitherto generally been regarded as intractable. In this way, it has transformed many rivers that had been devastated by pollution from abandoned mines, thus bringing wider economic and social benefits to Wales and its people.” (Water industry)
- “They also possess a large range of technical knowledge that is utilised to manage water from the mines.” (Coal Industry)
- “The Authority is considered to be the UK national experts for mine water remediation. For Defra they carry out mine water treatment, manage remediation schemes and research projects, as well as providing advice (both technical and economic). It is unclear who would take up this role if the Authority were to be abolished.” (Central Government Department)

### **Public safety, subsidence and information**

**10. A number of participants commented that the Coal Authority’s work on public safety and subsidence was vital and needed to be maintained. One participant suggested more could be done proactively:**

- “Within this role they play an essential part in keeping the public safe.” (Coal Industry)
- “Provides the mechanism by which the public and other organisations are protected (and funded) against the impact of subsidence.” (Coal Industry)
- “It is extremely clear on its role with regard to public safety.” (Coal Industry)
- “The importance of this aspect of the Coal Authority’s work has been highlighted recently by events in East Ayrshire where a number of former opencast coal mining sites have been abandoned and attempts are being made to have some disclaimed by the liquidators. Furthermore, the emergency work of the Coal Authority and their contractors is essential on land where subsidence is evident from former deep mining. It is essential therefore that the

Coal Authority, working together with the Council and other agencies (e.g. SEPA) continue to do all that they can to protect public safety.” (Local Authority)

- “I am not sure how legacy mining issues are being dealt with in a proactive manner as opposed to reactive dealings with “discovered” problems” (Coal Industry).

**11. Participants also noted that the Coal Authority’s Information dissemination was valuable and should be continued:**

- [this work is] very relevant. We request coal mining risk assessments on the basis of information from the CA... We need information about coal mining legacy issues, and assistance to consider how they impact on proposed developments that need planning permission. The Authority provides satisfactory support to us in both respects. (Local Authority)
- “abolishing the authority would remove a valuable resource and support.” (Caerphilly)
- “this work is very important in relation to properties affected or potentially affected by mining sites, particularly providing information to home owners, conveyancers and others involved in the property sector.” (Mortgage industry)
- “The mining information collated and published by the Coal Authority, particularly the statistical analysis and industry research, has been invaluable to the Council as it has developed its understanding of the sector over recent months in response to the collapse of coal mining companies operating in the area. Having access to national periodic coal production statistics has enabled the Council to compare with other areas of the UK and to assess the economic impact of mine closures. Additionally, the records highlighting deep mine locations and their shafts within the built and natural environment, assist to plan remedial actions where the future work is proposed either in relation to building or environmental design.” (Local Authority)
- “From an operations perspective they form the repository for information, this is used today and places on us a requirement to ensure that is available for the future.” (Coal Industry)
- “It provides a good/excellent repository for information past and present.” (Coal Industry)
- “The Authority we consider very important in the area of coal mining information – for which the Authority is recognised as the authority in the UK. This compliments BGS’s geological sub-surface information knowledge and expertise.” (Information)
- “TCA’s work in this area is important because it provides authoritative reports which assist with the purchase of residential and commercial property in coalfield areas. It provides a packaged reporting service in conjunction with the British Geological Survey and commercial partners...TCA also provides database extracts for re-use under licence.”
- “TCA has significant impact in providing mining information which assists prospective purchasers of residential and commercial property which carry authority and are professionally highly regarded. It also provides information through its website on areas of risk in the coalfield areas and uses its information effectively to support public safety. As any authoritative supplier of services and information, it can be perceived as having a substantial market impact and TCA works closely with stakeholders and through the IFTS Scheme to accommodate a commercial balance.” (Information)

- [If abolished] “Its distinctive role would be diluted and specialist expertise, records and legacy knowledge would need to be safeguarded.” (Information)

**12. Some participants felt there was potential for the Authority to do more in this area:**

- The CA is the place to go for information on coal. It should develop to be the place to go for information on mining. (Coal Industry)
- “Mining information is comprehensive for coal mines but less so for the metal mining areas of Wales and this poses a risk to our operations. Expanding the Authority’s remit for all mining information would ensure consistency and a single resource.” (Environmental Regulator)
- “...the Council would find it helpful to receive an enhanced annual statement of Coal Authority activity in our area. This could summarise the number of site visits to active and abandoned opencast mines, the frequency of safety inspections and the number of licence applications received and determined.” (Local Authority)
- “May be beneficial to raise awareness of the roles and services of the Authority in relation to properties affected by mining” (Mortgage industry)
- “Unfortunately from the evidence of working with the Authority over the last decade and longer, the Authority has lost a large part of its skills base and we feel it could do better working closely with other knowledge-based businesses.”(Information)
- “Perhaps public safety and mining information are less available than they could be” (Coal Industry)
- “We consider the Authority would benefit more from a fixed relationship with another body with a similar remit, offering additional skills/expertise in the area of information management and delivery. We feel the Authority has the absolute minimum required carry out their function efficiently. There is a real need for the Authority to develop or grow their skills base – but the better option might be to be absorbed into another body with a similar function and role.” (Information)
- “Its established reporting service is highly regarded. There is potential to do more in providing source data for third parties to re-use directly.” (Information)
- “TCA is a volunteer member of the Information Fair Trader Scheme and is subject to the Re-use of Public Sector Information Regulations. The Office of Public Sector Information, part of The National Archives, operates the Information Fair Trader Scheme and we periodically audit TCA, publishing reports and monitoring progress against recommendations. The National Archives is the government policy lead for the re-use of public sector information including the UK Government Licensing Framework. The UK is in the process of transposing the amended Public Sector Information Directive. TCA, as a body which currently charges above marginal cost for the re-use of some of its information, will need to consider the impact of the revised charging provisions in the Directive. TCA has responded to our survey of public sector bodies on the potential impact of the amended Directive and works collaboratively and supports the sharing of good practice through the Licensing Forum.” (Information)
- “There is potential to provide more support to new entrants to the market seeking to develop reporting products. TCA could offer real time database access to re-users as opposed to providing database extracts fixed at a particular point in time.” (Information)

## **Delivery Models**

### **Of those participants expressing a view on delivery models, the vast majority felt that retaining the Coal Authority as an NDPB was preferable**

- “No particular reason to seek change of delivery mode, therefore support the status quo.” (Mortgage industry)
- Delivery as NDPB is “preferred option based on the quality of services delivered to date.” (Environmental Regulator)
- Continued delivery as NDPB “much the best alternative. In the 20 years since its establishment, the CA has gained a high reputation amongst those organisations with whom it has regular dealings...It will, though, need to be adequately funded if it is to continue to carry out the important role it undertakes.”(Water industry)
- Continued delivery as NDPB “is our preferred option and we would continue to work in partnership with the Authority for the benefit of the Welsh environment.” (Environmental Regulator)
- “...The Coal Authority should continue to be delivered as an NDPB as it meets all of the Government’s “three tests”, namely: that it is a technical function; that it is a function that needs to be, and be seen to be carried out, with absolute political impartiality, and that it is a function that needs to be delivered independently of Ministers to establish facts and/or figures with integrity.” (Local Authority)
- “It seems that the CA fulfils the existing remit - it this does not change then why change the body that is responsible the only reasons can be: (i) benefit to public (ii) benefit to industry.” (Coal Industry)
- “Clarity of status and reporting lines are paramount in any of the potential changes considered.” (Information)
- “Continued delivery by the Authority as an NDPB would allow the Authority to continue to carry out work for other organisations.” (Central Government)

### **13. A number of objections were raised to moving the Coal Authority out of central Government**

- “Needs to be seen as part of the rule making body and not an independent detached entity.” (Coal Industry)
- “Would jeopardise access to a valuable resource and support, particularly if we had to pay for the service.” (Local Authority)
- It would not be in the general interests of the freeminers, their heirs or assigns to be regulated by a private body. (Government Department)
- “Not beneficial. The Coal Authority deals with much of the UK’s environmental liabilities in relation to past mining operations.” (Environmental Regulator)
- “Many schemes are too technical and potentially dangerous to be transferred to the voluntary sector.” (Water industry)

- “the third sector (e.g. the Rivers Trust movement) may...have a role in, for example, helping to maintain some passive treatment facilities the Coal Authority has installed.”(Water industry)
- “given the indefinite nature of the commitment, the private sector may not be a suitable option.” (Water industry)
- “We do not consider either the voluntary or private sector suitable for the statutory regulatory role of the Authority. The mine water management and treatment programme requires the continuity and long term planning suited to the public sector.” (Environmental Regulator)
- “It is clear that they not only fulfil their existing remit, in many cases they go beyond and this certainly raises a question of potential commercialisation of some of the aspects of work the CA undertakes.” (Coal Industry)
- “It would have to become a 'for profit' organisation and industry would need to understand funding to be able to comment.” (Coal Industry)
- “May lose sight of the primary functions - one of which is protect the public (how would this legally be funded).” (Coal Industry)
- “This would allow the Authority more opportunity to operate commercially, but then there would be the issue of information ownership and perhaps a concern that support of public good might suffer.” (Information)
- “Status issues around its assets and information would need to be assessed to maintain the services and not compromise the reputation of the body.” (Information)
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**14. Participants generally did not support a move of the Authority’s functions into central Government, although some thought this might have merit:**

- “The Coal Authority is a small, focused organisation whose staff includes many specialists. This is best retained at arm’s length from its sponsoring Department.” (Water industry)
- “Maintaining the Authority’s status as an NDPB has the advantage accessibility for devolved administrations and their public sector organisations.” (Environmental Regulator)
- “specialist knowledge which the Authority possesses would be diluted and dissipated in a fairly short time.” (Coal Industry)
- “Not beneficial. Needs to maintain its focus on delivery rather than policy.” (Environmental Regulator)
- “It sits within the heart of the 'coal' area moving it to a London location may not be the best.” (Coal Industry)
- “There is a good argument for bringing in house, but we must be in a position to ensure that it remains non-political.” (Coal Industry)
- “We do not see this would bring any real benefit, evidence perhaps being the rebranding and movement of the Health Protection Agency to Public Health England. “ (Information)
- “no objections in principle subject to the current standards of information and support being maintained.” (Local Authority)

- “Care required to assess the legal and status implications of a move to a Crown body.” (Information)
- “This should only be done if the Authority were to keep all functions.” (Coal Industry)
- “Amendments to the 2011 Energy Bill allowed for the Authority to carry out work for other organisations such as [ours]. We would be concerned if bringing the Authority in-house meant these arrangements could not continue.” (Central Government Department)

**15. Participants had a range of views on the potential to merge the Authority with other bodies:**

- “no objections in principle subject to the current standards of information and support being maintained.” (Local Authority)
- “An extremely complicated exercise of which would be ill-advised.” (Government Department)
- “Not aware of any other body with suitable cross-over in responsibility/core purpose.” (Environmental Regulator)
- “[We] considered [a] merge with the Environment Agency and its Welsh equivalent. However, as the experience of Wheal Jane tin mine in Cornwall demonstrates, there are advantages with the separation of the operational function and regulatory function.”(Water industry)
- “The needs of sustainable natural resource management may make a merger with NRW in Wales a possibility but our preference would be to continue to work with the Authority for the benefit of the Welsh environment. We do not consider that a split of the Authority to merge with devolved organisations would have benefit as the pool of expertise developed would likely be diluted and diverted and would probably be too small to be viable.” (Environmental Regulator)
- “The merging of some functions of the Authority where there is overlap with local authorities or others, particularly for mineral licencing and mining information could be beneficial, providing a consistent national approach. This is more an expansion of the Authority’s role than a merger.” (Environmental Regulator)
- “Opportunity here to look at general ashore licencing and regulatory process. As technology changes and there may be a move to shale (coal bed gasification) we may benefit from combining the regulatory framework.” (Coal Industry)
- “We consider that this would benefit the Authority – particularly if the body concerned worked in a close or associated area of expertise, with similar methods of information management and delivery (i.e. licensing, sales, etc). Even better if the body concerned had part of its remit as the support of “public good”. (Information)
- “Care required to assess the legal and status implications of a move to a Crown body.” (Information)
- “It is difficult to see which body might be a candidate for a merger – and in any event, it would be unwise to move the Authority further south, away from the coalfield areas.” (Coal Authority)
- “It is not obvious which other body the Authority could merge with. For example the Environment Agency has some technical expertise in this field. However, the Environment Agency also has a regulatory role for this work. We would want the roles



of scheme operators and enforcement bodies to remain separate.” (Central Government Department)

**16. Few benefits were identified in the creation of a new Executive Agency:**

- “pointless given the proactive efforts of the existing body.”
- “...cannot see what advantage this option would bring.” (Water industry)
- “We do not consider this option would bring benefit.” (Environmental Regulator)
- “no objections in principle subject to the current standards of information and support being maintained.” (Local Authority)
- “As above only if the new has a broader range to re-package and do the same only raises the question WHY!” (Coal Industry)
- “Were TCA to become an executive agency it is possible that it would be classed as a Crown body and the status of its information would need to be examined.” (Information)
- “It is difficult to see what benefit this would bring about.” (Coal Industry)
- “The expertise lies with the Authority. Would this be a case of just rebadging the Authority, with little benefit?” (Central Government Department)

**Broader comments**

- The Authority could be given a budget which allows major projects to be developed to prevent long-term problems. (Coal Industry)
- It is frustrated in that there is much that could be done proactively to improve and mitigate the legacies of former coal mines but some of these large projects are too costly to execute. (Coal Industry)
- The Authority could “identify beneficiation opportunities with producers and developers to deal with some of the legacy issues and incentivise these to be brought forward in the planning system.” (Coal Industry)
- “It might be helpful if the NDPB’s decisions could be subject to a review by a third party. This might strengthen the case for making the Coal Authority answerable to Government.” (Coal Industry)

## Evidence provided for compliance with Principles of Good Corporate Governance

## Statutory Accountability

Principle: The public body complies with all applicable statutes and regulations, and other relevant statements of best practice

	Supporting provisions	Are arrangements compliant, or is explanation needed?	Evidence in relation to the Coal Authority
1	<p>The public body must comply with all statutory and administrative requirements on the use of public funds.</p> <p>This includes the principles and policies set out in the HMT publication “Managing Public Money” and Cabinet Office/HM Treasury spending controls.</p>	Compliant	<p>“Managing Public Money” lays out the key requirements for the use of public funds:</p> <ol style="list-style-type: none"> <li>1. <b>Budget cover</b> in collectively agreed multi-year budgets and Parliamentary approval for drawdown of funds through an Estimate (for NDPBs, this is covered in the sponsor Department’s Annual Estimate)</li> <li>2. Adequate <b>Treasury consents</b> (or, for NDPBs, a set of delegations from the parent department, similar to those agreed with Treasury for the parent department)</li> <li>3. Assurance that <b>expenditure is regular</b> (in line with relevant legislation, delegated authorities, and guidance) <b>and proper</b> (meeting high standards of governance and transparency). NDPBs are required to consult their sponsor departments about issues of propriety or regularity requiring resolution.</li> <li>4. Sufficient <b>specific legal powers</b>. Departments, and their NDPBs, are expected to ensure there is sufficient legal cover for any actions undertaken.</li> </ol> <p>The Coal Authority Framework Document reiterates that the Authority is required to comply with “Managing Public Money”, as well as other instructions and guidance issued by the Department, Treasury and the Cabinet Office.</p> <p>It is DECC’s responsibility, as the Coal Authority Sponsor Department, to meet the first two requirements. DECC’s business planning ensures that total expenditure is in line with collectively agreed multi-year budgets and fund drawdown. Following this process, DECC provides the Coal Authority with a delegated budget each year.</p>

			<p>Responsibility for ensuring that expenditure is regular and proper falls to the Accounting Officer of the Coal Authority (the Chief Executive), and the Principle Accounting Officer at DECC (the Permanent Secretary). The Coal Authority a number of controls in place to ensure this. These are described in more detail under “Accountability for Public Money” and “Effective financial management” (below), and include</p> <ul style="list-style-type: none"> <li>• Publication of a full Annual Report and Accounts each year</li> <li>• Internal Control – including a published approach to risk management, anti-fraud and corruption measures, clear rules for claiming expensive, and an internal audit function delivered by PwC on behalf of the cross-Departmental Internal Audit Service</li> <li>• External Audit functions delivered by the National Audit Office</li> <li>• A Framework of Strategic Control which clearly sets out financial delegations</li> <li>• An Audit Committee, chaired by a Non-Executive Director</li> </ul> <p>The Coal Authority’s Governance Statement gives a public summary of the extent to which internal controls are considered to be effective, following appropriate audits. The most recent of such statement notes that “based on the work that internal auditors 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”. This opinion is the strongest of the four opinions that PwC could provide to the Authority.</p> <p>The Authority has incorporated HMT and Cabinet Office Spending Controls into relevant processes, which are enforced by finance and procurement teams – for example, the review team was provided with evidence that the approvals process used for all procurement requires staff to give explicit consideration to whether each requirement falls within Cabinet Office spending controls.</p>
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2	The public body must operate within the limits of its statutory authority and in accordance with any delegated authorities agreed with the sponsoring Department.	Compliant	<p>The Coal Authority is given its statutory authority through:</p> <ol style="list-style-type: none"> <li>1. The Coal Industry Act 1994</li> <li>2. The Coal Mining Subsidence Act 1991</li> <li>3. The Water Act 2003 and the Water Services etc (Scotland) Act 2005</li> <li>4. The Energy Act 2011</li> </ol> <p>The Coal Authority's Corporate and Business Plans reference these Duties, and are written in light of them, to ensure that the NDPBs work is wholly shaped by its statutory requirements. These Plans are approved by DECC each year, and the Authority seeks clearance from DECC for any new activities: an example of this would be when approval was sought for transferring experience from coal mine water treatment to non-coal mines (supporting Defra). The Duties are also referenced in the Authority's Framework Document.</p> <p>The Coal Authority's delegated authorities are laid out in Appendix 1 to the Authority's Framework Document.</p>
3	The public body should operate in line with the statutory requirements and spirit of the Freedom of Information Act 2000. It should have a comprehensive publication scheme. It should proactively release information that is of legitimate public interest where this is consistent with the provisions of the Act.	Compliant	<p>The Coal Authority has a comprehensive publication scheme, available on its website.</p> <p>This is in line with the model publication scheme published by the Information Commissioner's Office, and demonstrates that the Authority is committed to proactively releasing information of legitimate public interest:  <a href="http://ico.org.uk/for_organisations/freedom_of_information/guide/~media/documents/library/Freedom_of_Information/Detailed_specialist_guides/model-publication-scheme.pdf">http://ico.org.uk/for_organisations/freedom_of_information/guide/~media/documents/library/Freedom_of_Information/Detailed_specialist_guides/model-publication-scheme.pdf</a></p> <p>The Coal Authority website provides clear information on how to make an information request, and how to complain.</p>

4	The public body must be compliant with data protection legislation.	Compliant	The Requirement for Data to be handled in accordance with the Data Protection Act is included in the Coal Authority's Information Risk Management Policy, which all staff must read and sign. The Coal Authority has had no data loss incidents to date. Officers are required to report periodically to confirm no such incidents have occurred.
5	The public body should be subject to the Public Records Acts 1958 and 1967.	Compliant	The Authority is subject to these Acts and has a named Departmental Records Officer.

### Accountability for Public Money

**Principle: The Accounting Officer of the public body is personally responsible and accountable to Parliament for the use of public money by the body and the stewardship of assets**

	Supporting Provisions	Is the Authority compliant, or is explanation needed?	Evidence
6	There should be a formally designated Accounting Officer for the public body. This is usually the most senior official (normally the Chief Executive).	Compliant	The Accounting Officer for the Coal Authority is Philip Lawrence, Chief Executive, as specified in Paragraph 18 of the Coal Authority Framework.
7	<p>The role, responsibilities and accountability of the Accounting Officer should be clearly defined and understood. The Accounting Officer should have received appropriate training and induction.</p> <p>The public body should be compliant with the requirements set out in "Managing Public Money", relevant "Dear Accounting Officer"</p>	<p>Compliant.</p> <p>It may be helpful for the training and induction of future Accounting Officers to be documented to help provide evidence that this requirement has been met.</p>	<p>The roles, responsibilities and accountability of the Accounting Officer are clearly defined in the Coal Authority Framework at Paragraphs 19-21. The Authority has provided assurance that, upon appointment, the Chief Executive received a full induction, including in his Accounting Officer functions.</p> <p>The requirements of Accounting Officers of Non-Departmental Public Bodies are laid out at Paragraph 3.8 of "Managing Public Money". This document lays out some key requirements for Accounting Officers, which include:</p> <ol style="list-style-type: none"> <li>a. To personally sign the accounts, annual report and governance statement</li> <li>b. To personally approve any Cabinet Committee papers and major project or</li> </ol>

<p>letters and other directions. In particular, the Accounting Officer of the NDPB has a responsibility to provide evidence-based assurances required by the Principal Accounting Officer (PAO). The PAO requires these to satisfy him or herself that the Accounting Officer responsibilities are being appropriately discharged. This includes, without reservation, appropriate access of the PAO's internal audit service into the NDPB.</p>		<p>policy initiatives</p> <ul style="list-style-type: none"> <li>c. To respect the legislation establishing the organisation and terms of the framework document agreed with the sponsor department.</li> <li>d. To ensure that the organisation's governance is effective</li> <li>e. To ensure the organisation's decision making is effective</li> <li>f. To ensure that the organisation's financial management is effective</li> <li>g. To deliver affordability, sustainability and value for money</li> <li>h. To manage the balance of opportunity and risk</li> <li>i. To accurately account for the organisation's financial position</li> <li>j. To take responsibility for securing approval for expenditure outside normal delegations</li> <li>k. To advise Ministers – including seeking direction when needed</li> </ul> <p>In accordance with the requirements listed at a) and b), all Accounts, Annual Report and Governance Statement of the Authority have been signed off by the Chief Executive. The Authority also confirmed that their intention would be for any Cabinet Committee papers to be approved (although the Authority has never been required to produce such papers to date).</p> <p>The Chief Executive's responsibilities are shaped to ensure that the requirements listed at c) to k) are delivered – including by the Chief Executive's responsibility for the Authority's governance statement, his membership of the Authority's Audit Committee, and his responsibility for the Authority's annual report and accounts. The Chair of the Coal Authority confirmed to the review team that the Chief Executive's performance in delivering the responsibilities of Accounting Officer is reviewed frequently, including at 1:1 sessions, and that both the Chair of the Board and the Audit and Risk Committee have the highest confidence in the delivery of these functions DECC's financial team have also confirmed that they are satisfied with these arrangements. In discussion with the review team, the Internal Auditors have confirmed that the Authority is a "well controlled organisation".</p> <p>Mr Lawrence was appointed as Chief Executive of the Coal Authority following a career in accountancy and financial planning, and Mr Lawrence's competence and experience in financial matters was commended to the review team by the Authority's external auditors. Mr Lawrence assured the review team that an appropriate induction was</p>
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			<p>provided on appointment.</p> <p><b>Recommendation 1: When appointing any future Chief Executives, the Authority may wish to give consideration to formalising and documenting the induction process– particularly for any incoming executives who would benefit from more detailed training and induction on financial matters and Accounting Officer duties.</b></p> <p>The Principal Accounting Officer for the Coal Authority is Stephen Lovegrove, as Permanent Secretary of the Coal Authority’s Sponsor Department, DECC. Assurances are provided to the Principle Accounting Officer through the Governance Statement, the Annual Report and Accounts, and meetings between the Principle Accounting Officer and the Accounting Officer of the Coal Authority (most recent meeting was February 2014). The Internal Auditors have confirmed their confidence that access of the PAO’s internal auditors is available as required.</p>
8	<p>The public body should establish appropriate arrangements to ensure that public funds:</p> <ul style="list-style-type: none"> <li>• are properly safeguarded;</li> <li>• used economically, efficiently and effectively;</li> <li>• used in accordance with the statutory or other authorities that govern their use; and</li> <li>• deliver value for money for the Exchequer as a whole.</li> </ul>	Compliant	<p>The Coal Authority has put in place a number of controls in place to ensure that funds are properly safeguarded, used economically, efficiently and effectively, used in accordance with authorities, and deliver value for money.</p> <p>The controls in place include:</p> <ul style="list-style-type: none"> <li>• Publication of a full Annual Report and Accounts each year</li> <li>• Internal Control – including a published approach to risk management, anti-fraud and corruption measures, clear rules for claiming expensive, and an internal audit function delivered by PwC on behalf of the cross-Departmental Internal Audit Service</li> <li>• External Audit functions delivered by the National Audit Office</li> <li>• A Framework of Strategic Control which clearly sets out financial delegations</li> <li>• An Audit Committee, chaired by a Non-Executive Director</li> </ul> <p>Additional controls exist to ensure that money is used in an economic, efficient and effective manner. These include:</p> <ul style="list-style-type: none"> <li>• Detailed business planning within DECC – to ensure that funding is provided</li> </ul>

			<p>only where it is necessary to deliver the Authority's objectives in an efficient, economic and effective way.</p> <ul style="list-style-type: none"> <li>• An investment Board, which is responsible for ensuring that major programmes and projects are in line with strategy, aims, objectives and risk appetite; that they are affordable, deliverable, properly planned and adequately resourced; that they are supported by a strong business case or justification demonstrating good value for money, and deliver benefits; and that they are commercially viable, in terms of procurement and contractual arrangements.</li> <li>• Quarterly budget forecasting meetings, to ensure expenditure is proceeding in line with expectation</li> <li>• Monthly detailed management accounts with variance analysis</li> <li>• Savings targets with tracking systems and processes</li> </ul> <p>The Coal Authority has delivered significant efficiency savings since 2010-11 – including a 30% reduction in admin spend. More information on efficiency savings is provided at the end of this report.</p>
9	The public body's annual accounts should be laid before Parliament. The Comptroller and Auditor General should be the external auditor for the body.	Compliant	<p>Under Section 60 of the Coal Industry Act 1994 the Authority is required, as soon as reasonably practicable after the end of each financial year, to prepare a report on its activities during that year and shall send a copy of that report to the Secretary of State. The Annual Accounts are reviewed and signed off annually by the National Audit Office. Sections 32-34 of the Coal Authority Framework set out the responsibilities of the Comptroller &amp; Auditor General with regard to auditing the Authority's annual accounts and general audit responsibilities. A copy of the latest Annual Report is on the Authority's website.</p>



## Ministerial Accountability

**Principle: The Minister is ultimately accountable to Parliament and the public for the overall performance of the public body.**

	<b>Supporting Provisions</b>	<b>Is the Authority compliant, or is explanation needed?</b>	<b>Evidence</b>
10	The Minister and sponsoring department should exercise appropriate scrutiny and oversight of the public body.	Compliant	Under Sections 10 of the Coal Authority Framework the Secretary of State for Energy and Climate Change is accountable to Parliament for the activities and performance of the Authority. Sections 10-17 of the Coal Authority Framework also set out the oversight responsibilities of the Department's Ministers, Accounting Officer and Sponsor Team.
11	Appointments to the Board should be made in line with any statutory requirements and, where appropriate, with the Code of Practice issued by the Commissioner for Public Appointments.	Compliant	<p>Under Section 40 of the Coal Authority Framework the Chair and Board members of the Authority are appointed by the responsible Minister with the Department taking responsibility for this process. Such appointments comply with the Office of the Commissioner for Public Appointments (OCPA) Code of Practice.</p> <p>The process for the appointment of the new Chair in October 2012 was overseen and endorsed by an OCPA Independent Public Appointments Assessor who provided written confirmation that she was content with the process used and that the Department had complied with the requirements of the OCPA Code.</p> <p>The appointment of a new Non-Executive Director, who is also the Chair of the Audit Committee, was made in February 2013 in accordance with the OCPA Code and overseen by an independent panel member. The re-appointments of two Non-Executive Directors were also made in May 2013 under the OCPA Code.</p>
12	The Minister will normally appoint the Chair and all non-executive Board members of the public body and be able to remove individuals whose performance or conduct is unsatisfactory.	Compliant	All the above appointments and re-appointments were appointed by the Minister of State under the OCPA Code.

13	The Minister should be consulted on the appointment of the Chief Executive and will normally approve the terms and conditions of employment.	Compliant	In accordance with Part 3 (1&2) of Schedule 1 of the Coal Industry Act 1994 the Authority requires Secretary of State approval for the appointment of its Chief Executive and their terms and conditions of service. In addition under Section 11 of the Coal Authority Framework the Minister is responsible for consenting to the appointment of the Chief Executive, which took place ahead of appointment of Mr Lawrence on 1 January 2007.
14	The Minister should meet the Chair and/or Chief Executive on a regular basis.	Compliant	Under Section 10 of the Coal Authority Framework the Minister would typically be expected to meet the Chair and Chief Executive at least annually but generally meets them twice a year. In the last twelve months DECC Ministers have met with the Authority twice on 18 September 2013 and 20 March 2014. The Minister is due to meet with the Authority's Chair and Chief Executive in January 2015.
15	<p>A range of appropriate controls and safeguards should be in place to ensure that the Minister is consulted on key issues and can be properly held to account. These will normally include:</p> <ul style="list-style-type: none"> <li>• a requirement for the public body to consult the Minister on the corporate and/or operational business plan;</li> <li>• a requirement for the exercise of particular functions to be subject to guidance or approval from the Minister;</li> <li>• a general or specific power of Ministerial direction over the public body;</li> <li>• a requirement for the Minister to be consulted by the public body on key financial decisions.</li> </ul>	Compliant	<p>The Minister has responsibility for approving the Authority's overall strategic objectives and the policy and performance framework within which the Authority will operate (as set out in the Authority's Framework). Section 6(1) of the Coal Industry Act 1994 the specifically states it is the "duty of the Authority to comply with such directions of a general character as may be given to it by the Secretary of State with respect to the carrying out of any of its functions, or to its activities generally".</p> <p>Under Section 20 of the Coal Authority Framework the Sponsor Team, in consultation with the Minister, has responsibility for agreeing the Authority's corporate and business plans and ensuring they reflect the Department's wider strategic aims and objectives. In addition the Sponsor Team, in consultation with the Minister, ensures that the Authority produces timely forecasts and monitoring information on performance, policy, objectives and finance are provided to the Department; and that any significant problems whether financial or otherwise, are notified to the Department in a timely fashion.</p> <p>In addition, under Section 23 of the Coal Authority Framework the Authority's Board must ensure that they receive and review regular financial information concerning the management of the Authority, is informed in a timely manner about any concerns about the activities of the Authority; and provides positive assurance to the Department that appropriate action has been taken on such concerns.</p> <p>Also under Section 39 of the Coal Authority Framework they must obtain the Department's prior written approval before:</p>

	<p>This should include proposals by the public body to:</p> <ol style="list-style-type: none"> <li>I. acquire or dispose of land, property or other assets;</li> <li>II. form subsidiary companies or bodies corporate; and</li> <li>III. borrow money; and - a power to require the production of information from the public body which is needed to answer satisfactorily for the body's affairs</li> </ol>		<ul style="list-style-type: none"> <li>• entering into any undertaking to incur any expenditure that falls outside their delegations;</li> <li>• incurring expenditure for any novel or contentious purpose;</li> <li>• making any significant change in the scale of operation or funding;</li> <li>• making any change which might significantly affect the future level of resources required; or</li> <li>• committing to capital expenditure in excess of £5 million.</li> </ul> <p>In relation to land acquisition, under Section 5 (7) of the Coal Industry Act 1994 the Authority requires the Secretary of States agreement to “acquire any land or acquire or hold shares in or other securities of anybody corporate or otherwise become a member of a body corporate, or lend money to any person or guarantee or otherwise provide security for a loan made to any person”. In addition “Treasury may guarantee, in such manner and on such terms as they may think fit, the repayment of the principal of, the payment of interest on, and the discharge of any other financial obligation in connection with, any sums which are borrowed from a person other than the Secretary of State by any relevant successor company.”</p> <p>The Coal Authority has been required to produce information “to answer satisfactorily for the body's affairs” – for example, in responding to a Parliamentary Question on empty property business rates.</p>
16	There should be a requirement to inform Parliament of the activities of the public body through publication of an annual report.	Compliant	A copy of the latest Annual Report is on the Authority's website and this requirement is captured in the Framework Document.

## Role of the Sponsoring Department

**Principles:** The departmental board ensures that there are robust governance arrangements with the board of each arm's length body. These arrangements set out the terms of their relationship and explain how they will be put in place to promote high performance and safeguard propriety and regularity. There is a sponsor team within the department that provides appropriate oversight and scrutiny of, and support and assistance to, the public body.

	<b>Supporting provisions</b>	<b>Is the Authority compliant, or is explanation needed?</b>	<b>Evidence</b>
17	The Departmental Board's regular agenda should include scrutiny of the performance of the public body and should establish appropriate systems/processes to ensure that effective arrangements in place for governance, risk management and internal control in the public body.	Compliant – there is no regular agenda item, but the issue is delegated to ExCo	There is no regular agenda item by which the Departmental Board considers NDPBs. The DECC Board has delegated consideration of NDPBs to the Executive Committee (ExCo). The Coal Authority Chair and Chief Executive met with the Department's Executive Committee in July 2014 to provide them with an update on their work and future priorities. The Executive Committee retains the ability to escalate issues to the Board as required. Under Section 42 of the Coal Authority Framework the Authority must ensure that the appropriate corporate governance and risk management processes are in place in accordance with HMG guidance.
18	There should be a Framework Document in place which sets out clearly the aims, objectives and functions of the public body and the respective roles and responsibilities of the Minister, the sponsoring department and the public body. This should follow relevant Cabinet Office and HM Treasury guidance. The Framework Document should be published. It should be accessible and understood by the sponsoring department, all Board members and by the senior management team in the public body. It should be regularly reviewed and updated.	Compliant	The most recent version of the Coal Authority Framework was signed between the Authority and the Department on 13 December 2013 and is published on the Coal Authority website. The Document is reviewed on an annual basis.

19	<p>There should be a dedicated sponsor team within the parent department. The role of the sponsor team should be clearly defined.</p>	Compliant	<p>The DECC Coal Liabilities Team is the sponsor team within DECC for the Coal Authority. Full details of the Sponsor Team responsibilities are set out in Sections 14-17 of the Coal Authority Framework.</p>
20	<p>There should be regular and on-going dialogue between the sponsoring department and the public body.</p> <p>Senior officials from the sponsoring department may as appropriate attend Board and/or committee meetings.</p> <p>There might also be regular meetings between relevant professionals in the sponsoring department and the public body.</p>	Compliant	<p>As set out in Section 15 of the Coal Authority Framework, the Authority's Chair and Finance Director meet with the Sponsor Team every other month to discuss financial and governance issues as well day-to-day issues affecting the work of the Authority.</p> <p>Section 15 of the Coal Authority Framework also sets out that the Authority's Chair and the Chief Executive will also meet with the Director General for Markets and Infrastructure twice a year. In addition the Sponsor Team meet with the Chair of the Authority every other month on an informal basis.</p> <p>Members of the Sponsor Team also visit the Authority regularly and the Head of the Sponsor Team also occasionally attends Authority 'away days' and Board meetings. The Director of the DECC EDU will be attending the May Board meeting.</p> <p>In addition, under Section 10 of the Coal Authority Framework the Chair and the Chief Executive of the Authority meet with the Minister of State at least annually, but normally twice a year. The Minister is accompanied by relevant members of the Sponsor Team.</p> <p>Members of the Coal Authority senior team also take part in DECC "Family" meetings for Finance, HR, Procurement and ICT.</p>

## Role of the Board

**Principles: The public body is led by an effective Board which has collective responsibility for the overall performance and success of the body. The Board provides strategic leadership, direction, support and guidance. The Board – and its committees – have an appropriate balance of skills, experience, independence and knowledge. There is a clear division of roles and responsibilities between non-executive and executives. No one individual has unchallenged decision-making powers.**

	Supporting Provisions	Is the Authority compliant, or is explanation needed?	Evidence
21	<p>The Board of the public body should:</p> <ul style="list-style-type: none"> <li>• meet regularly;</li> <li>• retain effective control over the body; and</li> <li>• effectively monitor the senior management team.</li> </ul>	Compliant	<p>The Board meets in person every other month and via teleconference in intervening months. The Coal Authority's Governance Statement is published as part of its Annual Report and Accounts. This statement confirms the ways in which the Board upholds the necessary standards of Board performance and effectiveness, and to receive sufficient information to provide oversight and monitoring.</p> <p>The Board also has a set of Responsibilities and Behaviours, which specify the open, accountable and responsive behaviours that the Board is expected to comply with.</p>
22	The size of the Board should be appropriate.	Compliant	<p>The Board's membership is published on the Authority's website. The current Board consists of seven Board members, four of whom are non-executive members, and three executives. This size is in line with that judged appropriate when the Authority was established: under Section 1 of the Coal Industry Act 1994 the Authority's Board is required to consist of not less than two or more than eight members.</p>
23	Board members should be drawn from a wide range of diverse backgrounds.	Compliant	<p>Section 41 of the Coal Authority Framework sets out that the Authority's Board, in line with the government's Code of Practice on Corporate Governance, will consist of an independent non-executive Chair, together with up to four Executive members that have a balance of skills and experience appropriate to directing the Authority's business. As detailed in the Office of the Commissioner for Public Appointments (OCPA) Code of Practice any recruitment process must ensure that Non-Executive Board members are drawn from a strong and diverse field, whose skills, experience and qualities have been judged to best meet the needs of the public body or statutory office in question.</p> <p>It goes on to say that for the Authority there should be members who have experience</p>

			<p>of its business, operational delivery, corporate services such as HR, IS, technology, property asset management, estate management, communications and performance management.</p> <p>Detailed profile of the current Board can be found on the Coal Authority website. While all Board members have broad experience, the specific requirements listed above are met with particular focus by individual Board members:</p> <ul style="list-style-type: none"> <li>- The business of the Coal Authority: Mr Philip Lawrence, Dr Simon Reed, Mr Paul Frammingham and the non-executive Directors</li> <li>- Operational delivery: Dr Simon Reed, Ms Tricia Henton (ex EA Director and SEPA Chief Exec), Mr Philip Lawrence, Mr Paul Frammingham</li> <li>- Corporate services: Mr Stephen Redmond, Mr Bob Spedding, Mr Philip Lawrence , Mr Paul Frammingham and Mr Stephen Dingle</li> </ul>
24	The Board should establish a framework of strategic control (or scheme of delegated or reserved powers). This should specify which matters are specifically reserved for the collective decision of the Board. This framework must be understood by all Board members and by the senior management team. It should be regularly reviewed and refreshed.	Compliant	The Board has a Framework of Strategic Control, which was reviewed and updated on 17 December 2013, and sets out which matters require Board consideration, and which can be delegated.
25	The Board should establish formal procedural and financial regulations to govern the conduct of its business.	Compliant	The Framework of Strategic Control specifies the procedural and financial regulations which govern the conduct of the Coal Authority's business.
26	The Board should establish appropriate arrangements to ensure that it has access to all	Compliant	The Board's papers are comprehensive. Matters are split into public and private sessions, to ensure the Board is able to consider information and advice privately as required. This was considered in the Board Effectiveness Review.

	such relevant information, advice and resources as is necessary to enable it to carry out its role effectively.		
27	The Board should make a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters.	Compliant	This responsibility falls to the Director of Finance and Corporate Services, Paul Frammingham, who is an Associate Member of the Chartered Institute of Management Accountants (ACMA). In addition the Board has very strong competencies in financial management: the Accounting Officer, Chair of Board and Chair of Audit Committee all have financial backgrounds.
28	The Board should make a senior executive responsible for ensuring that Board procedures are followed and all applicable statutes and regulations and other relevant statements of best practice are complied with.	Compliant	This responsibility falls to the Director of Finance and Corporate Services, Paul Frammingham, with support from the Secretariat.
29	The Board should establish a Remuneration Committee to make recommendations on the remuneration of top executives. Information on senior salaries should be published. The Board should ensure that the body's rules for recruitment and management of staff provide for appointment and advancement on merit.	Compliant	<p>The Authority has a HR and Remuneration Committee chaired by Stephen Redmond, a non-executive director with HR experience. Senior salaries of Authority members are published, in line with guidance and can be found on the website.</p> <p>The Authority's rules for recruitment and management of staff are laid out in its HR Policy, approved by the HR and Remuneration Committee, and designed to:</p> <ul style="list-style-type: none"> <li>• Ensure the best candidates are recruited based on merit, not settling for a 'safe pair of hands,' providing a platform for organisational development.</li> <li>• Provide fair and transparent processes ensuring all decisions are based on objective criteria.</li> <li>• Ensure that no candidate is placed at a disadvantage in accordance with the Equality Act 2010.</li> <li>• Balance the needs of equality against succession planning and talent management.</li> <li>• Provide all candidates with a worthwhile experience ensuring feedback is provided as requested.</li> <li>• Ensure vacancies are filled in a timely manner, using appropriate selection tools</li> </ul>



			<p>and techniques relevant to the posts.</p> <ul style="list-style-type: none"> <li>• Aspire to be an 'Employer of Choice'.</li> </ul>
30	<p>The Chief Executive should be accountable to the Board for the ultimate performance of the public body and for the implementation of the Board's policies. He or she should be responsible for the day-to-day management of the public body and should have line responsibility for all aspects of executive management.</p>	Compliant	<p>The Chief Executive is provided with specific delegated powers under the Framework of Strategic Control. These include powers:</p> <ul style="list-style-type: none"> <li>• to manage, control and organise the affairs of the Authority and, as necessary, exercise of the powers delegated to any other Executive Directors.</li> <li>• To authorise any action necessary to protect the health and safety of individuals or the safety of any property.</li> <li>• To authorise the employment of such staff as he thinks necessary for the proper exercise and performance of the powers and duties of the Authority, and to appoint such staff.</li> <li>• To determine the staffing structure of the Authority.</li> <li>• To determine terms and conditions of employment of staff.</li> <li>• Direct line management responsibility for the Executive Team.</li> <li>• To discharge the Authority's responsibilities for the establishment and maintenance of arrangements for information relating to coal mining operations to be made available</li> </ul>
31	<p>There should be an annual evaluation of the performance of the Board and its committees – and of the Chair and individual Board members</p>	Compliant	<p>The arrangements by which the Board and its committees are reviewed are detailed in the Governance Statement.</p> <p>The Board meets to review its performance annually. The Board's last assessment of performance was completed during April 2013. An external facilitator observed a Board meeting and fed back on individual and collective behaviours with reference to those required for a Board to be highly effective. In general feedback from the exercise was positive. An appropriate level of constructive challenge was displayed, all members given opportunity to contribute opinions and appropriate conclusions drawn from dialogue.</p> <p>In addition the Board's objectives for 2012-13 were reviewed, and the Board considered that it has effectively supported these important strategic areas. Overall the Board considered in this review that it has continued to make significant progress since its last review with a continuing strategic focus and open Board style and dialogue. In order to further improve performance the Board has set out its key objectives in 2013-2014. These focus on how the Board will behave to support the Executive Leadership Team in</p>

			<p>achieving the objectives of the Authority.</p> <p>Evaluation of the Chair and Individual Board members is carried out annually. The Board members all receive an annual appraisal in line with the rest of the Authority's staff which reviews performance against individual objectives for the year.</p> <p>Appraisals for the Director of Operations and Director of Finance and Corporate Services are conducted by Philip Lawrence (Chief Executive). The Chief Executive's appraisal is conducted by the Chair. Appraisals for the Non-Executive Director are undertaken by the Chair, and the Chair's appraisal is undertaken by Tricia Henton as the most senior NED.</p> <p><b>Recommendation 2: The Challenge Group noted that this arrangement involved some "circularity" – in that the Chair may be both appraised by, and appraise, another colleague. While it was recognised that this was not unusual in corporate environments the Group recommended the Board give urgent consideration to alternative methods of undertaking such appraisals which avoid this direct circular relationship.</b></p>
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### Role of the Chair

**Principle: The Chair is responsible for leadership of the Board and for ensuring its overall effectiveness.**

	<b>Supporting provisions</b>	<b>Is the Authority compliant, or is explanation needed?</b>	<b>Evidence</b>
32	The Board should be led by a non-executive Chair.	Compliant	Section 41 of the Coal Authority Framework sets out that the Authority's Board, in line with the government's Code of Practice on Corporate Governance, will have an independent non-executive Chair. The current Chair is Mr Stephen Dingle, MA, ACIB.
33	There should be a formal, rigorous and transparent process for the appointment of the Chair. This	Compliant	Yes. Section 40 of the Coal Authority Framework sets out that the Authority Chair and Board members are appointed by the responsible Minister with the Department taking responsibility for this process.

	should be compliant with the Code of Practice issued by the Commissioner for Public Appointments. The Chair should have a clearly defined role in the appointment of non-executive Board members.		Such appointments will comply with the Code of Practice of the Office of the Commissioner on Public Appointments and reflect the three basic principles (Merit, Fairness and Openness).
34	<p>The duties, role and responsibilities, terms of office and remuneration of the Chair should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. The responsibilities of the Chair will normally include:</p> <ul style="list-style-type: none"> <li>representing the public body in discussions with Ministers;</li> <li>advising the sponsoring Department and Ministers about Board appointments and the performance of non-executive Board members;</li> <li>ensuring that non-executive Board members have a proper knowledge and understanding of their corporate role and responsibilities. The Chair should ensure that new members undergo a proper</li> </ul>	Compliant	<p>The terms of office and remuneration of the Chair are formally set out in the appointment letter provided by the Sponsor Department.</p> <p>The Duties, roles and responsibilities of the Chair are set out in the Framework Agreement, and include:</p> <ul style="list-style-type: none"> <li>Representing the Board with Ministers and with the general public.</li> <li>Ensuring policies and actions support the responsible minister's strategic policies and are in line with any Ministerial or Departmental guidance.</li> <li>Ensuring that affairs are conducted with probity</li> <li>Formulating the Board's strategy</li> <li>Ensuring the Board takes proper account of Departmental and Ministerial guidance</li> <li>Promoting the efficient and effective use of staff and resources</li> <li>Delivering high standards of regularity and propriety, and</li> <li>Representing the views of the Board to the general public</li> <li>Ensuing that the work of the Board and its members is reviewed and effective</li> <li>The work and performance of the Chief Executive is reviewed annually</li> <li>The Board as an appropriate balance of skills</li> <li>Board members are briefed on terms of appointment, duties, rights and responsibilities and all (including the chair) receive appropriate training on financial matters</li> <li>The responsible minister is advised when Board vacancies arise</li> <li>The performance of individual Board members are reviewed when being reconsidered for reappointment, and</li> <li>There is a code of practice for Board members consistent with the Cabinet Office model code</li> </ul>

	<p>induction programme is organised for new induction process and is normally responsible for undertaking an annual assessment of non-executive Board members' performance;</p> <ul style="list-style-type: none"> <li>ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the sponsoring department or Ministers;</li> <li>ensuring that the Board carries out its business efficiently and effectively;</li> <li>representing the views of the Board to the general public; and</li> <li>developing an effective working relationship with the Chief Executive and other senior staff.</li> </ul>		<p>The sponsor team is responsible for ensuring that the terms and conditions are in line with Cabinet Office guidance.</p> <p>The Chair holds regular 1:1 sessions with Executive members of the Committee. The Chair's ability to build an effective working relationship was discussed by the review team with the Chief Executive, who confirmed that the Chair has invested significant time in building relationships with the Executive team – and has also taken particular time to ensure that he maintains a physical presence in the Coal Authority office each week to build and nurture these relationships. The Executive consider that, as a result of these relationships, Board discussions can be sufficiently challenging but supportive and more effective.</p>
35	The roles of Chair and Chief Executive should be held by different individuals.	Compliant	Stephen Dingle is currently Chair and Philip Lawrence the Chief Executive

### Role of non-Executive Board Members

**Principle: As part of their role, non-executive Board members provide independent and constructive challenge**

	<b>Supporting provisions</b>	<b>Is the Authority compliant, or is explanation needed?</b>	<b>Evidence</b>
36	There should be a majority of non-executive members on the Board.	Compliant	The Board currently consists of four non-executive Directors and three executives.

37	<p>There should be a formal, rigorous and transparent process for the appointment of non-executive members of the Board. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments.</p>	Compliant	<p>Under Section 40 of the Coal Authority Framework the Chair and Board members of the Authority are appointed by the responsible Minister with the Department taking responsibility for this process. Such appointments will comply with the Office of the Commissioner for Public Appointments (OCPA) Code of Practice.</p> <p>The appointment of a new Non-Executive Director, who is also the Chair of the Audit Committee, was made in February 2013 in accordance with the OCPA Code and overseen by an independent panel member. The re-appointments of two Non-Executive Directors were also made in May 2013 under the OCPA Code.</p>
38	<p>The duties, role and responsibilities, terms of office and remuneration of non-executive Board members should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. The corporate responsibilities of non-executive Board members (including the Chair) will normally include:</p> <ul style="list-style-type: none"> <li>• establishing the strategic direction of the public body (within a policy and resources framework agreed with Ministers);</li> <li>• overseeing the development and implementation of strategies, plans and priorities;</li> <li>• overseeing the development and review of key performance targets,</li> </ul>	Compliant	<p>The remuneration and term of appointment of Board members is defined in the appointment letters provided to Board members on their successful appointment.</p> <p>The duties, roles and responsibilities of these members is defined in the Framework Agreement, and includes:</p> <p>The sponsor team is responsible for ensuring that the terms and conditions are in line with Cabinet Office guidance.</p> <ul style="list-style-type: none"> <li>- Ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control.</li> <li>- Establishing and taking forward the strategic aims and objectives of the Authority including the Authority's corporate and business plans in the light of the Department's wider strategic aims and objectives which will be monitored at the Authority's Board meetings</li> <li>- Ensuring that the responsible Minister is kept informed</li> <li>- Ensuring that any statutory or administrative requirements for the use of public funds are complied with, that the Board operates within the limits of its authority, and in accordance with conditions related to the use of public funds, and that Board decisions take into account guidance from the Sponsor Department</li> <li>- That financial information is received and reviewed regularly, and positive assurance provided to the Department in relation to any concerns.</li> </ul>

	<p>including financial targets;</p> <ul style="list-style-type: none"> <li>ensuring that the public body complies with all statutory and administrative requirements on the use of public funds;</li> <li>ensuring that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsoring department;</li> <li>ensuring that high standard of corporate governance are observed at all times. This should include ensuring that the public body operates in an open, accountable and responsive way; and</li> <li>representing the Board at meetings and events as required.</li> </ul>		<p>The Board also has a set of Responsibilities and Behaviours, which specify the open, accountable and responsive behaviours that the Board is expected to comply with. Board members represent the Board at events – for example, a recent stakeholder event in Edinburgh was attended by all but one non-executive Director. Members of the Board also attended a briefing with the Welsh Assembly Government.</p>
39	All non-executive Board members must be properly independent of management.	Compliant	A full register of interests can be found on the Coal Authority website: none of the Authority's Non-executive Directors have previously held executive positions in the Authority.
40	All non-executive Board members must allocate sufficient time to the Board to discharge their responsibilities effectively. Details of Board attendance should be published (with an accompanying narrative as appropriate).	Compliant	Details of attendance are published in the Authority's latest Annual Report at page 35. There were 11 Board meetings in 2012-13, three of the non-executive directors attended all meetings, and one non-executive director attended all but one.

41	There should be a proper induction process for new Board members. This should be led by the Chair. There should be regular reviews by the Chair of individual members' training and development needs.	Compliant, but not fully formalised	<p>Non-executive directors received tailored inductions led by the Chair, including detailed briefing from relevant divisions of the Coal Authority (for example, the Authority's technical and environmental teams, or the HR and finance teams, depending on the expected focus of the Board member).</p> <p>The training needs of non-executive Directors are considered as part of the Annual Performance Reviews.</p> <p>The Framework Document specifies that one of the responsibilities of the Chief Executive is to ensure that all Board members receive appropriate training on financial management and reporting requirements – including any differences that may exist between private and public sector practice – which are reviewed as part of the performance appraisals.</p> <p><b>Recommendation 3: Consideration should be given to formalising the induction process for new Board Members (when the next appointment is made), whilst still allowing flexibility for bespoke elements to the induction as appropriate.</b></p>
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## Effective Financial Management

**Principle: The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place**

	Supporting provisions	Is the Authority compliant, or is explanation needed?	Evidence
42	The body must publish on a timely basis an objective, balanced and understandable annual report. The report must comply with HM Treasury guidance.	Compliant	<p>Under Section 60 of the Coal Industry Act 1994 the Authority is required to produce, as soon as reasonably practicable after the end of each financial year, a report on its activities during that year and shall send a copy of that report to the Secretary of State. A copy of the latest Annual Report is on the Authority's website.</p> <p>The Annual Accounts are reviewed and signed off annually by the National Audit Office. Also Sections 32-34 of the Coal Authority Framework set out the responsibilities of the Comptroller &amp; Auditor General with regard to auditing the Authority's annual accounts</p>

			and general audit responsibilities.
43	The public body must have taken steps to ensure that effective systems of risk management are established as part of the systems of internal control.	Compliant	<p>The Coal Authority's approach to risk management is described in its most recent published Governance Statement.</p> <p>It includes a number of approaches:</p> <ul style="list-style-type: none"> <li>• the Board discusses key business issues and has good visibility of opportunities and barriers to meeting objectives.</li> <li>• The Audit Committee receives a risk report focusing on updates at every meeting.</li> <li>• The Strategic Management Team considers strategy and risks together and is joined once a quarter by PwC for a risk focused discussion.</li> <li>• Operational and corporate services teams consider risks as part of their day job.</li> <li>• 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.</li> </ul> <p>The Accounting Officer has 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.</p> <p>The Authority's Board establishes the risk appetite and tolerance (which are specified in the Governance Statement) and the Accounting Officer manages risk within these tolerance levels. Appetite and tolerance is discussed at the Board and varies across the business.</p>
44	The public body must have taken steps to ensure that an effective internal audit function is established as part of the systems of internal control. This should operate to Government Internal Audit Standards and in accordance with Cabinet Office guidance.	Compliant	<p>The Internal Audit function is provided to the Coal Authority by Price Waterhouse Coopers, acting on behalf of the cross-Departmental Internal Audit Service (XDIAS).</p> <p>During the year covered by the last Annual Report, the Internal Auditors, PwC, undertook a number of reviews, including an audit of Project Assurance within the Environment Team, a Financial Systems Review and a Performance Management Review. PwC have also supported the Authority by providing assurance work over key aspects of the major IT system implementation, and by reviewing key documentation during a strategic move away from an outsourced IT Services model.</p>



			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”. This opinion is the strongest of the four opinions that PwC could provide to the Authority and reflects Management’s efforts to continuously develop its key systems and processes.
45	There must be appropriate financial delegations in place. These should be understood by the sponsoring department, by Board members, by the senior management team and by relevant staff across the public body. Effective systems should be in place to ensure compliance with these delegations. These should be regularly reviewed.	Compliant	The Framework of Strategic Control lays out the levels of Delegated Authority. It is reviewed annually by the Board. Below this sits a detailed document setting out the levels of delegated authority for expenditure by Authority managers. Expenditure limits are enforced by system controls which ensure expenditure can only be signed off by appropriate staff. Annual Internal Audit of these controls has shown them to be effective.
46	There must be effective anti-fraud and anti-corruption measures in place.	Compliant	The Coal Authority has an Anti-Fraud & Corruption policy, which covers compliance with the Fraud Act 2006, and sets out specific responsibilities for the Chief Executive, Managers, Internal Audit, and all staff. There is also a policy on whistle-blowing.
47	There must be clear rules in place governing the claiming of expenses. These should be published. Effective systems should be in place to ensure compliance with these rules. The public body should proactively publish information on expenses claimed by Board members and senior staff.	Compliant	The Coal Authority has an expenses policy. The policy is communicated to all staff through the intranet, and compliance is delivered by ensuring that all expenses are approved by both the manager in question, and the financial team.  Expenses of Executive and Non-Executive Directors are published on the Authority’s public website.  The Coal Authority also has in place a policy to govern the acceptance of gifts and hospitality.

48	The annual report should include a statement on the effectiveness of the body's systems of internal control.	Compliant	A statement of the effectiveness of internal control is included in the Governance Statement, which is part of the Annual Report and Accounts.
49	The Board should establish an audit (or audit and risk) committee with responsibility for the independent review of the systems of internal control and of the external audit process.	Compliant	<p>The Coal Authority has established an Audit Committee comprising three independent Non-Executive Directors under the chairmanship of Mr Robert Spedding. 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.</p> <p>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.</p>
50	The body should have taken steps to ensure that an objective and professional relationship is maintained with the external auditors.	Compliant	<p>The National Audit Office provides an external audit function, and attends the Audit Committee.</p> <p>Audit Committee meetings include a "closed session", where the Chair and NAO are able to cover any issues privately – which facilitates the maintenance of an open and professional relationship. NAO and the Coal Authority also discuss matters on an ad-hoc basis as required between Audit Committee meetings.</p> <p>The review team also confirmed the quality of the relationship by discussing directly with the relevant NAO lead, who confirmed that the relationship has been maintained very effectively – and described the Coal Authority as having "good quality information, open and transparent processes and a strong audit committee" and referred to the strong examples provided by the Chief Executive and Director of Finance and Corporate Services.</p>

## Communications

**Principle: The Public Body is open, transparent, accountable and responsive.**

	<b>Supporting provisions</b>	<b>Is the Authority compliant, or is explanation needed?</b>	<b>Evidence</b>
51	The public body should have identified its key stakeholders. It should establish clear and effective channels of communication with these stakeholders.	Compliant	<p>The Coal Authority Board gives quarterly consideration to priority stakeholders, and their management. A paper is tabled from the Coal Authority executive team, to support this. The last paper was tabled in December 2013. The paper provides evidence that the Coal Authority has taken steps to identify key stakeholders, and details stakeholder engagement including bilateral meetings, stakeholder forum discussions, and the use of surveys to seek stakeholder views.</p> <p>In conducting Stage One of the Triennial Review, the Coal Authority senior team was able to confidently and clearly lay out key stakeholders, providing further evidence that the Authority is fully compliant in this requirement.</p>
52	The public body should make an explicit commitment to openness in all its activities. It should engage and consult with the public on issues of real public interest or concern. This might be via new media. It should publish details of senior staff and Board members together with appropriate contact details.	Compliant	<p>The Coal Authority has a proactive communications strategy in place. It is also in the process of implementing a social media strategy, details of which are available in Board meeting papers for 20 August 2013 on the Coal Authority website.</p> <p>A number of the Coal Authority's activities have personal relevance for individuals and communities – including the mine entry programme (which can involve informing residents of mine entry points on their property) and water treatment programmes (which can impact local communities). The Authority actively consults and engages with members of the public on these matters. Two key examples are:</p> <ul style="list-style-type: none"> <li>• Saltburn Gill Action Group, details of which are on the Coal Authority website</li> <li>• Force Cragg local residents groups</li> </ul> <p>Details are available at <a href="http://www.ciwem.org/31979.aspx">http://www.ciwem.org/31979.aspx</a>.</p> <p>Details of senior staff, and contact details for the Authority, are provided on the Coal Authority website. Direct contact details of Board members and Executives are not</p>

			provided, although members of the public can direct correspondence to individuals via the routine correspondence routes provided.
53	The public body should consider holding open Board meetings or an annual open meeting.	Compliant	In accordance with the principles of “Open Government”, the Board meetings of the Coal Authority are open to members of the public and media.
54	The public body should proactively publish agendas and minutes of Board meetings	Compliant	The agendas, papers and dates of its meetings, together with the minutes of previous meetings, can be found on the Coal Authority website.
55	The public body should proactively publish performance data.	Compliant	The Authority publishes performance data in its Annual Report & Accounts and Board papers which can be found on the Coal Authority website. The Coal Authority Board also considers performance against its objectives quarterly, and these papers are published on the Board website.
56	In accordance with transparency best practice, public bodies should consider publishing their spend data over £500.	Compliant	Full details of all expenditure (both above and below £500) are published on the Coal Authority website.
57	The public body should establish effective correspondence handling and complaint procedures. These should make it simple for members of the public to contact the public body and to make complaints. Complaints should be taken seriously. Where appropriate, complaints should be subject to investigation by the Parliamentary Ombudsman. The public body should monitor and report on its performance in handling correspondence.	Compliant	<p>The Coal Authority’s website contains clear information on how to correspond with the Authority, and sets out how to make a complaint. If a Member of Public wants to make a complaint, there are a number of options for doing so: using the email form on the Coal Authority website, by writing to the postal address, or by telephone.</p> <p>The review team was provided with evidence that complaints have been referred to the Parliamentary Ombudsman as required. The Coal Authority monitors its performance in handling correspondence in its annual report and accounts.</p>

58	The public body must comply with the Government's conventions on publicity and advertising. These conventions must be understood by Board members, senior managers and all staff in press, communication and marketing teams.	Compliant	<p>The Coal Authority is kept informed of government conventions on publicity and advertising by communications from the Sponsor Department. These are disseminated to all Coal Authority staff with relevant roles and responsibilities. The guidance has been briefed to senior managers at the strategic management team, communicated to embedded procurement business partners, who work with the business areas that advise and enforce these rules.</p> <p>All procurements of a value that would trigger Cabinet Office controls have to be signed off by Procurement, and senior managers (including Heads of ICT, Procurement, Corporate, and HR) are asked quarterly to certify that they are unaware of any breaches of these instructions.</p> <p>The Coal Authority complies with these – including by returning quarterly updates to DECC in relation to spending moratoria. These returns are certified by relevant managers within the Authority. The Coal Authority's procurement forms require staff to check and confirm that procurement is in line with spending controls.</p>
59	Appropriate rules and restrictions must be in place limiting the use of marketing and PR consultants.	Compliant	The Coal Authority has, to date, hired no marketing or PR consultants. This is in line with the Cabinet Office guidelines. Staff responsible for approving recruitment are kept informed of Cabinet Office guidelines, to ensure that such consultants would not be hired outside these rules.
60	The public body should put robust and effective systems in place to ensure that the public body is not, and is not perceived to be, engaging in political lobbying. This includes restrictions on Board members and staff attending Party Conferences in a professional capacity.	Partially compliant	<p>The Coal Authority code of conduct requires all staff and Board members to be politically impartial, but does not explicitly cover restrictions on Board members and staff attending Party conferences in a professional capacity.</p> <p>DECC provides further guidance to the Coal Authority on topical issues of political propriety – particularly in relation to elections and periods of “purdah” in which announcements are limited. This guidance is circulated to all employees of the Coal Authority.</p> <p>Appointment letters demonstrate that, on appointment, Board members are expected to refrain from occupying paid party political posts or holding sensitive or senior roles in a political party – but otherwise be free to engage in political activities provided this was</p>

			<p>done with proper discretion.</p> <p><b>Recommendation 4: Staff guidance on political impartiality should be updated to include specific reference to restrictions on staff attending political conferences in a professional capacity.</b></p>
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## Conduct and behaviour

**Principle: The Board and staff of the public body work to the highest personal and professional standards. They promote the values of the public body and of good governance through their conduct and behaviour.**

	Supporting provisions	Is the Authority compliant, or is explanation needed?	Evidence
61	A Code of Conduct must be in place setting out the standards of personal and professional behaviour expected of all Board members. This should follow the Cabinet Office Code. All members should be aware of the Code. The Code should form part of the terms and conditions of appointment.	Compliant	<p>Letters of appointment demonstrate that Members of the Board are provided with clear direction, on appointment, on what is expected of them in relation to conduct.</p> <p>This includes</p> <ul style="list-style-type: none"> <li>• The requirement to comply with the Nolan Principles of Public Life</li> <li>• The need to declare any personal or business interests – including those of close family members and persons living in the same household – and to ensure that entries in the Members’ Register of interests are kept up to date</li> <li>• Restrictions around sensitive political activity</li> <li>• Restrictions around gifts and hospitality</li> </ul> <p>As a condition of appointment to the Board, members are required to abide by the Coal Authority Code of Conduct (which applies to both Board members and Staff). A new Code of Conduct was approved in May 2014. This Code was developed in the model of the Cabinet Office code.</p> <p>In addition, the Board has agreed a set of Board Responsibilities and Behaviours which are reviewed annually.</p>

62	The public body has adopted a Code of Conduct for staff. This is based on the Cabinet Office model Code. All staff should be aware of the provisions of the Code. The Code should form part of the terms and conditions of employment.	Compliant	<p>All Members of Staff are required to comply with the Coal Authority Code of Conduct. This is published in the Employee handbook, which is provided to all employees on appointment, as part of the terms and conditions of employment.</p> <p>As a condition of appointment to the Board, members are required to abide by the Coal Authority Code of Conduct (which applies to both Board members and Staff). A new Code of Conduct was approved in May 2014. This Code was developed in the model of the Cabinet Office code.</p>
63	There are clear rules and procedures in place for managing conflicts of interest. There is a publicly available Register of Interests for Board members and senior staff. This is regularly updated.	Compliant	<p>On appointment, Board members are provided clear instructions on the requirements for declaring and managing interests.</p> <p>This includes:</p> <ol style="list-style-type: none"> <li>1. The requirement to declare any personal or business interests which may, or may be perceived to, influence your judgements in performing your functions.</li> <li>2. The requirement to ensure entries in a central register of interests are kept up to date.</li> <li>3. The expectation that non-pecuniary interests of the Board Member, close family members, and persons living in the same household, would be registered to the extent that they are closely related to the activities of the Coal Authority.</li> <li>4. The requirement to inform the Secretary of State in advance of any new appointments which may impinge on duties as a member of the Coal Authority.</li> </ol> <p>A register of interests for Board Members and Senior staff is maintained by the Corporate Manager. It is reviewed annually by the Board and published on the Coal Authority website.</p>

64	There are clear rules and guidelines in place on political activity for Board members and staff. There are effective systems in place to ensure compliance with any restrictions.	Compliant	<p>On appointment, Board members are provided with clear instructions on the requirements in relation to political activity:</p> <p>This includes:</p> <ol style="list-style-type: none"> <li>1. The requirement to refrain from occupying paid political party posts and to hold particularly sensitive or senior roles in a political party</li> <li>2. The requirement to inform Secretary of State of any intention to accept a permanent position in any political party</li> <li>3. The condition that appointment may be terminated if the Secretary of State felt that positions were incompatible</li> <li>4. The requirement to resign the appointment to the Authority's Board, if accepting a nomination for election to the House of Commons</li> </ol> <p>Board Members and staff are all subject to the Code of Conduct, which includes the following requirements in relation to political Impartiality</p> <p>You must:</p> <ul style="list-style-type: none"> <li>• serve the Government (via our parent body DECC), whatever its political persuasion, to the best of your ability in a way which maintains political impartiality and is in line with the requirements of this Code, no matter what your own political beliefs are;</li> <li>• act in a way which deserves and retains the confidence of Ministers, while at the same time ensuring that you will be able to establish the same relationship with those whom you may be required to serve in some future Government; and</li> <li>• comply with any restrictions that have been laid down on your political activities.</li> </ul> <p>You must not:</p> <ul style="list-style-type: none"> <li>• act in a way that is determined by party political considerations, or use official resources for party political purposes; or</li> <li>• allow your personal political views to determine any advice you give or your actions.</li> </ul>
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65	There are rules in place for Executive Board members and senior staff on the acceptance of appointments or employment after resignation or retirement. These are effectively enforced.	Not currently compliant, but under consideration	<p>The contract of appointment for staff, and letters of appointment for non-executive directors, do not currently place restrictions on the ability to accept appointment or employment after resignation or retirement.</p> <p>The Coal Authority is currently reviewing the terms of its contracts for new employees. The issue of a covenant clause which would influence the ability to accept appointments or employment after resignation is currently being considered within this process – and the Authority has provided documents to evidence this is under consideration. The Authority is also reviewing the legal implications of extending the revised terms to current employees.</p> <p><b>Recommendation 5: The Coal Authority should put in place rules governing the acceptance of appointments or employment for Board members and senior staff after resignation or retirement. Such rules could either be incorporated into the relevant contracts and appointment literature, or other documents as appropriate..</b></p>
66	Board members and senior staff should show leadership by conducting themselves in accordance with the highest standards of personal and professional behaviour and in line with the principles set out in respective Codes of Conduct.	Compliant	<p>The Board's commitment to demonstrating leadership in this way is demonstrated in the Board Responsibilities and Behaviours, which include a commitment that the Board acts as a role model for the Authority's values and behaviours; conducts its proceedings in an efficient and effective manner, supporting constructive challenge and surfacing and dealing with difficult issues; and shows leadership by demonstrating a coaching style.</p> <p>The Board undergoes an Annual review of its performance – as reported in the Governance Statement – to ensure these behaviours are followed. Consideration of these behaviours is also covered in the annual reviews of individual Board members. For senior staff who are not members of the Board, the requirement to show leadership is covered in annual appraisals. Leadership forms part of The Coal Authority's competency framework against which staff are appropriately appraised.</p>

67	Efficiency Opportunities		<p>The Review considered whether there is potential for the Coal Authority to make further efficiency savings. Overall there is evidence that the Authority is giving consideration to the main areas of financial efficiency identified by Cabinet Office. Nonetheless, the Review recommends that the Authority and its Sponsor Team continue these activities.</p> <p><b>Recommendation 6: The Sponsor Team should continue to work with the Coal Authority as part of on-going financial monitoring and business planning to identify efficiencies or opportunities for further shared services. In addition the Authority plans to become more self-sufficient through realising the economic value of their people and information; and promoting themselves as a world leader in resolving the impacts of mining. The Authority will progress discussions with the Cabinet Office Commercial Models Team on the relevant commercial models for delivering this over the course of its 5 year plan and the DECC Sponsor Team will continue to update Cabinet Office Ministers on progress.</b></p>
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