The Coal Authority

Annual Report and **Accounts** 2013–14

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Vision and Mission

The Coal Authority is working towards becoming a world leader in resolving the impacts of mining.

We currently:

- Use our knowledge and expertise to manage safety issues from legacy mining to deliver peace of mind to the public;
- Provide creative, sustainable and responsive solutions so that the environment is protected from the effects of water pollution caused by mining;
- Evaluate the impacts of mining using all our experience to communicate risk to citizens and stakeholders for informed decision-making; and
- Derive commercial value from our unique information, in depth knowledge and expertise.

We are already world leading in a number of practices with:

- Over 60 low cost water treatment schemes protecting the environment;
- Effective risk based public protection and treatment of subsidence and hazards;
- Automated mining reports system based on geographic information; and
- Development of innovative pilots to remove heavy metals from water.

We will know when we have realised our vision because we will:

- Be able to deliver zero whole life-cost mine water treatment schemes;
- Have more diversified sources of funding and customers of our products and services; and
- Be recognised as a regulator of choice internationally.


Taff Merthyr mine water treatment scheme

Who Are We?

Our Story

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

We were granted additional powers in the Energy Act 2011 to enable us to deliver a non coal mine water programme and deal with non coal subsidence legacy issues when the necessary funding is made available.

We provide assistance to other organisations that can benefit from the expertise that we have developed since being established.

Our Funding

We are a Non Departmental Public Body (NDPB) and are principally funded by the Department of Energy and Climate Change (DECC), our sponsoring department. Our metal mine water programme in England is funded by the Department for Environment, Food and Rural Affairs (Defra). Some of our costs are also recovered through the paid for services we provide, for instance the provision of mining reports, although many of our services remain free at the point of use.

Our Values

Expert	We deliver peace of mind underpinned by our expertise and in depth knowledge of our subject
All Angles	We bring all our experience from public safety, environmental, and information viewpoints to deliver more sustainable solutions
Inventive	We always look for creative and intelligent ways to meet our customers' needs
Agile	We are agile, responsive and committed to delivering the best value solutions for customers

Our Governance and Strategy

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

Tip improvement work in South Wales

Chair's Foreword

I LOOK BACK ON MY FIRST FULL YEAR AS CHAIR OF THE COAL AUTHORITY AND SEE A YEAR THAT HAS BEEN FULL OF ACHIEVEMENTS FOR OUR STAFF AND THE AUTHORITY AS A WHOLE. IT IS NO SURPRISE THAT I RATE THE YEAR AS VERY BUSY GIVEN THE AMBITION OF OUR FIVE YEAR PLAN, THE ECONOMIC DIFFICULTIES EXPERIENCED BY THE UK COAL MINING INDUSTRY AND THE UNPRECEDENTED RAINFALL ESPECIALLY IN THE SOUTH OF THE UK.

Stephen Dingle
Chair

I am proud of what our people have achieved. The core values of the Authority that have been present since our foundation in 1994, have enabled us to deliver first rate service to the public in difficult circumstances. I am pleased to report that we scored a 95% achievement rate against our objectives for 2013–14.

In some ways, 2013–14 has been a momentous year. There were a number of major unplanned events:

- **The Wheal Jane** mine water treatment scheme operation in Cornwall was successfully maintained during the extreme weather period in February 2014 to ensure that there was no outbreak of polluting water. This was achieved through a lot of hard work from our staff and great engagement with a range of stakeholders;
- Following the restructuring of UK Coal Plc, we took control of the **Daw Mill** Colliery. We sealed the Daw Mill mine entries in order to extinguish the underground fire which caused the closure of the colliery; and
- We continue to work with the **Scottish Government Opencast Mining Taskforce** to assist with resolving the issues associated with the restoration of surface mine sites following the

liquidation of two mining companies in Scotland.

In other ways, it has been a pivotal year. We have developed the Authority to deliver the ambitions within our five year plan and the findings of Stage One of our triennial review confirm that our functions are still required and that our non departmental public body (NDPB) model remains the most appropriate delivery mechanism. The results of the Stage Two review on the examination of whether our controls and governance arrangements are compliant with the recognised principles of good corporate governance are expected to be published in the Summer 2014.

Five Year Plan

At the end of the first year of our five year plan good progress has been made with transforming the Authority into an organisation with a more commercial outlook and approach in order **to be more self-sufficient by realising the economic value in our people and information whilst continuing to carry out our statutory duties for the good of the public**. Our plan was revalidated during the year and it was agreed that further focus should be placed on business development in the coming year.

We are entering into a number of innovation partnerships to develop products to realise the value from our information and to undertake research and development projects to enable us to develop more efficient and effective solutions to resolve subsidence and mine water pollution.

Additional staff have been recruited during the year to enable us to keep pace with the commercialisation agenda and we have recently introduced graduate/trainee development and apprenticeship programmes in order to manage knowledge transfer and succession.

We also spent time and effort during the year establishing how best to harness our skills and values to refine our brand and focus on the behaviours necessary to achieve great brand alignment. We are committed to being **a world leader in resolving the impacts of mining**.

We have made good progress but there is more to do in order to achieve the challenging objectives we have set ourselves, but I see in our people that they are fully supportive of these changes.

Our people

Stakeholders

We held an event in the Scottish Parliament building in February 2014 to explain the work we undertake to Members of the Scottish Parliament. As part of this we also held a number of meetings with local authorities and a very successful stakeholder event in order to build on established relationships. Visits to the Senedd in Wales and the Houses of Parliament are planned for the coming year.

"The success we have achieved in the efficient and effective delivery of our products and services that are necessary to protect the public and the environment is down to the skill and dedication of our people who are increasingly working in multi-skilled project teams"

Industry

The coal industry in Britain has continued to suffer with both Scottish Resources Group and Aardvark TMC Ltd trading as ATH Resources going into liquidation and UK Coal Production Ltd announcing that Kellingley and Thoresby Collieries will close in 2015. International coal prices remain low particularly due to coal being displaced by shale gas as a source of power in the USA.

We continue to work with the coal industry and national governments during this period and our small specialist team is supporting fully the work being undertaken whilst maintaining its statutory functions.

Coal continues to provide 40% of the UK's electricity requirements and indigenous coal can continue to provide a part in meeting future energy demands as part of a balanced and secure energy portfolio.

Focus is being placed on alternative methods for extracting the energy from hydrocarbons such as fracking for shale gas and underground coal gasification (UCG). During the year we granted seven conditional UCG offshore licences to evaluate the potential for exploitation.

Our Team

The success we have achieved in the efficient and effective delivery of our products and services that are necessary to protect the public and the environment is down to the skill and dedication of our people who are increasingly working in multi-skilled project teams. Throughout all our success, the core values of the Authority shine through in the way that our people work to both protect the interests of the public and to be innovative in the way that our activities are carried out.

2014 is our 20th year of operation. We have already achieved a great deal; having all the relevant skills combined in one organisation has led to great outcomes for the public. The hard work is ongoing to make sure that we have the correct resources and structures in place for the ever changing environment in which we operate.

I feel very privileged to be surrounded by a Board, Executive and staff that are dedicated and committed to the successful delivery of our programme of work throughout the year. At a time of substantial change in the business and with many new people joining the Authority, the composition of the Board has remained stable throughout the year which has worked particularly well to ensure that we balance the effective delivery of our statutory responsibilities with our ambitions for more commercial activities. I am grateful to all concerned for their commitment and effort.

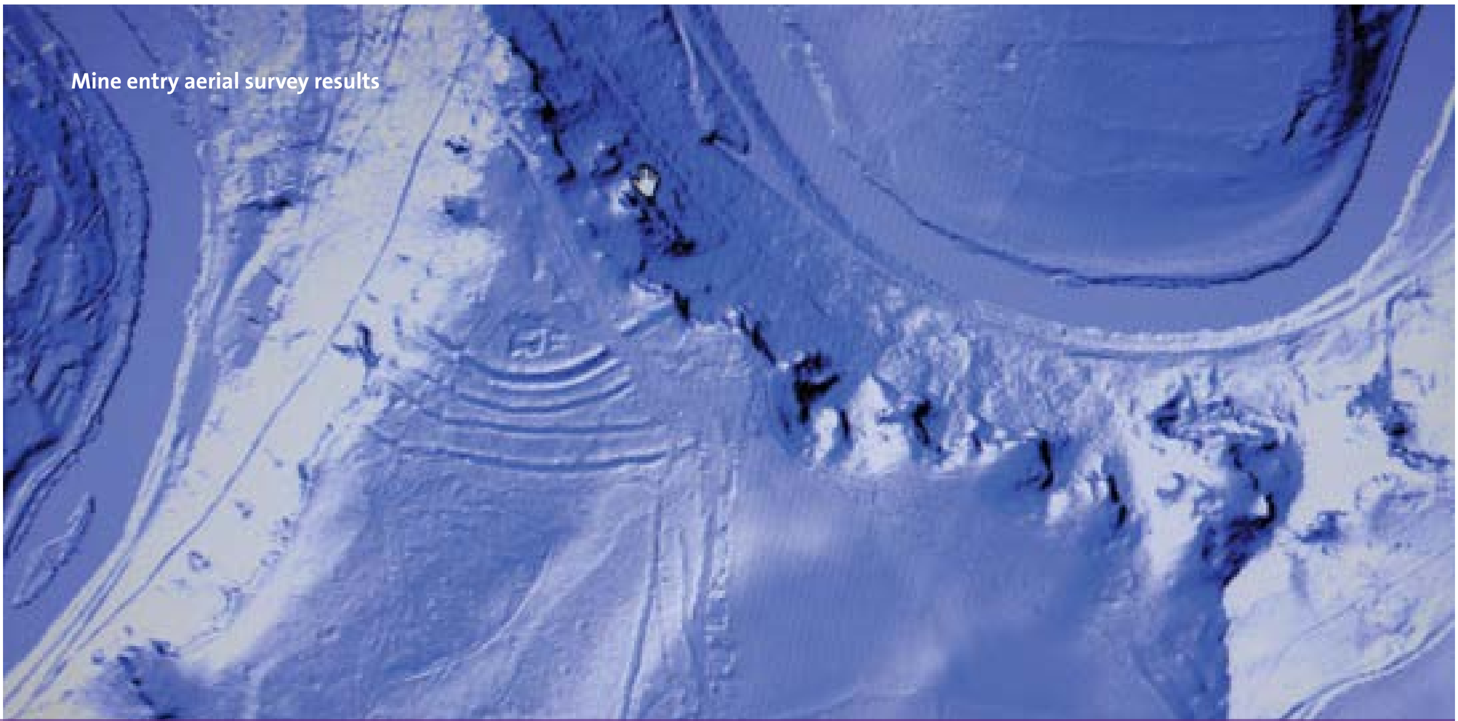
Stephen Dingle
Chair

Mansfield headquarters

Lambley mine water treatment scheme


Treated mine water at Lambley

Strategic Report



Mine entry aerial survey results

Chief Executive's Report

THE CHAIR'S REPORT HAS COMMENTED THAT WE HAVE HAD A GOOD YEAR ACHIEVING 95% OF OUR OBJECTIVES, WHILST ALSO EMBEDDING A MORE COMMERCIAL APPROACH TO OUR ACTIVITIES AND SUCCESSFULLY DEALING WITH MAJOR UNPLANNED EVENTS.

Philip Lawrence
Chief Executive

Our research and development programme includes collaboration with partners in the UK and overseas and commenced in the year. The results of this work programme should provide new and more cost effective solutions to the mining legacy issues that we and others face.

To enable us to deliver continual improvement we need to build on the expertise of our highly skilled staff and this was done during the year. A small specialist recruitment programme was implemented to add to these skills, providing more efficient and effective services by reducing our dependence on external parties. Succession planning and knowledge transfer are important areas for us to focus on in order to provide improving levels of performance. I am delighted that we received the Mansfield 2020 Career Champion of the Year award for 2014 for developing our apprenticeship programme.

The safety and health of our staff, contractors and the public and the environment continue to be important aspects of our work. The British Safety Council undertook their five star health and safety audit of our work during the year, which resulted in us being awarded four stars. We will further enforce the good health, safety and environment practices adopted by the Authority and its contractors.

In our drive for continuous improvement, and as part of our digital strategy, we successfully piloted with the HM Land Registry (HMLR) a single interface for the conveyancing market using our CON29M reports service.

Our Heritage and Values

In its day, the UK coal industry powered the industrial revolution. It was respected as a leading organisation for health, safety and technological advancement in underground and surface mining. Its technical developments were adopted worldwide and continue to be used today.

The Coal Authority was created by the Coal Industry Act 1994 upon the privatisation of the industry. Since becoming operational we have established many leading practices and technological developments, as we resolve the impacts left behind by coal mining.

“To enable us to deliver continual improvement we need to build on the expertise of our highly skilled staff and this was done during the year”

We are now on the third generation of our geographical and information system, which has been continually refined and expanded to enable more services to be delivered digitally. Our recently introduced Inferis delivery platform will ensure that we can continue to provide certain information free and improved levels of commercial service to the public and other stakeholders.

We have always provided an emergency call out service to respond to reports of coal mining surface hazards. This service was initially provided by consultancy companies, however the decision was taken to insource this service in 2004 which led to greater efficiencies. Since that time we have developed our risk based response to reported hazards to ensure the safety of the public, whilst developing more effective and efficient public safety services.

We also introduced our proactive risk based mine entry inspection programme in 2007. We have now inspected more than 50% of the 171,965 mine entries that we have records of.

Whilst we had no responsibility for dealing with mine water pollution from abandoned coal mines when we were established, it soon became clear to government that we were the public body best equipped to deal with mine water. Working with the National Rivers Authority (now the Environment Agency) and the Scottish Environment Protection Agency we formulated a mine water remediation programme, which continues to deliver schemes to clean and protect the nation's water courses and sources of drinking water.

We were so successful that our powers were extended in 2011 to enable us to deal with pollution from metal mines, when the necessary funding was made available. To this end Defra has funded a metal mine water programme in England. During the year we commissioned three coal schemes and the first phase of the Saltburn Gill metal mine scheme, which has been successful in preventing the ongoing discharge of mine water. Work on the Force Crag scheme has also been completed and at the year end became operational. Discussions are continuing with the Scottish Environment Protection Agency (SEPA) and National Resources Wales on metal mine water project work in Scotland and Wales.

We established a Planning team in 2008 to engage with all coalfield local authorities. This team now has a successful track record of working with planners and developers on the shallow coal field to ensure development is safe and stable, being an advocate for safeguarding coal at public examinations with a 96% success rate of retaining coal in the mineral policy.

Our coal mining licensing activities have changed over the period of our existence as indigenous production reduced from 44 million tonnes of coal in March 1995 to 12.6 million tonnes today. Interest is still however being expressed in exploiting the energy from the coal in our ownership, but utilising unconventional technologies rather than conventional mining technologies. We continue to believe in better regulation and assist other public bodies in meeting their obligations where we have the relevant skills and expertise.

As a result of our heritage and 20 year history of protecting the public and environment in mining areas, we have developed a set of strong values as set out on page 12. These values will enable us to meet this year's objectives, to expand and become successful in providing expert services to new customers.

Philip Lawrence
Chief Executive

Customer service centre team

Business Model and Risk

THE AUTHORITY IS PRIMARILY FUNDED BY GRANT IN AID BY DECC, ITS SPONSOR DEPARTMENT. WE ALSO RECEIVE FUNDING FROM DEFRA AND EARN INCOME FROM THE PROVISION OF MINING REPORTS AND OTHER SERVICES (SEE NOTE 6 TO THE ACCOUNTS, PAGE 70). WE CURRENTLY DELIVER OUR SERVICES THROUGH OUR INFORMATION, ENVIRONMENT AND PUBLIC SAFETY AND SUBSIDENCE OPERATIONAL UNITS.

At the beginning of April 2013 we embarked on a five year plan to become more financially self-sufficient by realising the economic value in our people and information for the good of the public. Our longer term goal is to build on our existing leading practices and become a world leader in resolving the impacts of mining. Towards the end of our five year plan we will be in a better position to assess whether our current delivery model is still fit for purpose.

“Our research work will have worldwide application to both coal and metal mine waters”

Values

We have strong values associated with our heritage (described on page 11) and brand which are:

Expert – we deliver peace of mind underpinned by our expertise and in depth knowledge of our subject

All Angles – we bring all our experience from public safety, environmental and information viewpoints to deliver more sustainable solutions

Inventive – we always look for creative and intelligent ways to meet our customers’ needs

Agile – we are agile, responsive and committed to delivering best value solutions for customers.

Strategy

Our plan requires us to build on and strengthen our values in order to develop our business in commercial information products and services. We also need to continually improve by growing expertise, innovation, organisational capability and efficiency.

Our strategy to deliver our plan has five priority areas:

Business development	Realise economic value in our people and information		
Continuous improvement	Innovation	Organisational capability	Efficiency and quality
Deliver our business	Continue to deliver our business and do so safely while conserving the environment		

Business Development

Our focus is to realise the value in our people and information. We aim to develop our regulatory functions in a manner that establishes the Authority as a regulator of choice and a provider of international advice.

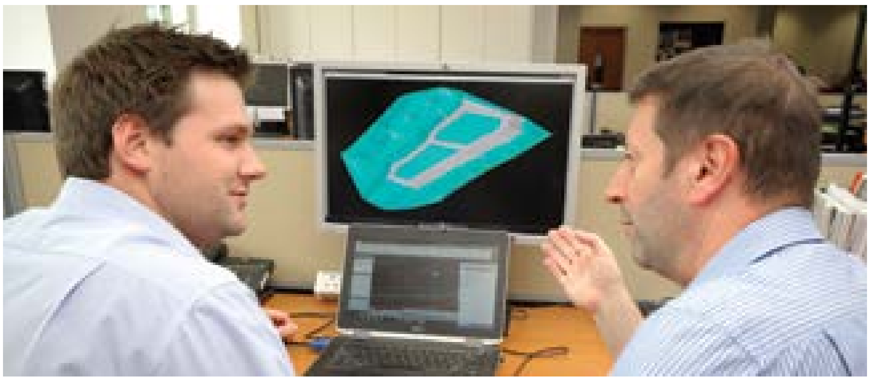
We will implement our information strategy to develop new information products and services based on our data and information assets and create a commercial market enabling other parties to produce mining reports using our authoritative data. This will provide improved public access to our data and generate value.

Continuous Improvement

Our aim is to deliver our operations even more efficiently and further increase our expertise. We have expanded our Research and Development team and will continue our investment in innovation, both internally and through our partners. We are seeking to deliver innovative solutions that will lower the costs of mine water treatment and generate additional income streams. New technology will help us address projects where currently no feasible solution exists. Our research work will have worldwide application to both coal and metal mine waters.

To succeed in our plans we will need to continue to develop our organisational capability. We will continue to evolve our culture and reskill our people and managers.

As we expand our range of commercial products and services quality systems will become even more important to manage risks. We will continue to improve efficiency in order to reduce costs and remain competitive.



3D earthworks model

Deliver our Business

We will not be distracted from delivering our statutory duties whilst commercialising and continuing to improve our business and day to day activities.

Risks

The key risks that we will need to manage to deliver the plan are:

- **Government Policy** – Government may change its view and be less supportive of a drive for commercialisation or introduce restrictions which inhibit growth.
- **Effective Prioritisation** – The plan is ambitious and without clear priorities and good project management it may not be delivered.
- **Capability** – The business transformation may not materialise without additional capacity, increased levels of competence and a change in culture.

We will continue to manage these risks closely, together with progress against the plan through the corporate objectives. Further explanation of these risks and control measures are given in the Governance Statement (page 45).

Smithy Brook mine water treatment scheme

A Review of 2013–14

SET OUT BELOW IS A REVIEW OF THE OPERATIONAL ACTIVITIES THAT WE HAVE UNDERTAKEN DURING THE YEAR AND A SUMMARY OF OUR PERFORMANCE AGAINST CORPORATE AIMS AND OBJECTIVES FOR 2013–14.

"Our teams work together to provide sustainable, creative and best value solutions for customers and stakeholders"

Our Operational Activities

Our operational activities protect the public and the environment, manage our property portfolio, and realise value from and provide access to information we hold. A summary of our operational teams is provided below and shows our wide range of skills and expertise. Our teams work together to provide sustainable, creative and best value solutions for customers and stakeholders.

In addition to the details below a summary of the financial results for each of our functions is given in Note 2 and Note 15 to the Financial Statements.

Information Services

We continue to share coal mining information with all coalfield local authorities and landowners to ensure they are aware of the potential risks affecting their property and with the emergency services (fire and rescue, cave rescue, mountain rescue). This collaborative work is facilitating the assessment of any potential risks and helping to identify any features or hazards that require our attention.

Collaboration with the British Geological Survey has enabled ongoing maintenance of the interactive GIS web viewer, allowing users to zoom into sites and see coal mining information in a different way. Further information has been made available through the viewer, which can be found at www.coal.decc.gov.uk.

All of our statutory work, together with increasing access to coal mining information, aims to protect the public and environment in coal mining areas and help everyone to make more informed decisions.

As part of our digital strategy we continued to provide information on past, present and future coal mining activity for any individual property or site in Britain. Drawing on a unique database of coal mining information we operate in line with our published quality assurance and compliance standards.

There was an increase in the demand for property searches during the year. 276,878 searches were produced, of which 96% were returned within one working day of receipt and 99% within five working days. By the end of the year 99% of searches were being ordered and returned electronically.

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

In the coming year we will be seeking to make additional products and services available with partners in response to the needs of the information market. The improved access to more of our data and information under a new licensing framework will be supported by advice that our experts can provide.

Environment

Expertise within the Environment team has progressively grown over the 20 years of implementing many cost effective mine water treatment schemes. Over this period we have gained vast experience in modelling mine water recovery impacts, designing and managing treatment solutions. This experience is now being applied to progressing remediation of pollution from metal mines.

Operational

We operate 70 mine water treatment schemes throughout Britain of which 53 remediate existing mine water discharges and 17 prevent new discharges from mine workings. These schemes prevent over 4,000 tonnes per annum of iron solids discharging into watercourses and so improve and protect the nation's rivers and streams. Some also serve to protect important sources of drinking water.

Whilst the number of mine water schemes has increased, we continue to seek operational efficiencies to minimise the revenue costs associated with running these. Cost saving initiatives within the year delivered savings of around £285,000 per annum, consisting of efficiency improvements following capital purchases of more efficient pumping equipment and from other operational cost savings. Also with the implementation of a number of telemetry systems on mine water treatment schemes, savings of over £100,000 in labour costs per annum are expected.

New Build Activities

This year we completed and commissioned three coal mine water treatment schemes. At Sheephouse Wood in South Yorkshire we are helping to protect the River Don and Underbank Reservoir near Stocksbridge. At Cannock Wood in Staffordshire and A Winning near South Normanton in Derbyshire we are protecting drinking water aquifers.

Construction of Ellington mine water treatment scheme

Phase one construction works have been completed at Ellington in Northumberland in preparation for a pumping test, with the construction of cascades, settlement ponds and an outfall pipe. When complete the scheme will help control mine water levels to protect water supplies from an aquifer and prevent uncontrolled outbreaks of mine water.

We have also been undertaking feasibility and design works on future schemes in our coal mine water remediation programme. This year we have seen progression on schemes with low iron content where, in collaboration with the Environment Agency, we have been exploring opportunities to dilute and disperse mine water direct to the sea to reduce our overall environmental impact.

Significant developments have also been made with the Defra funded metal mine water treatment programme in England, which we manage in partnership with the Environment Agency. We have undertaken a number of feasibility studies on mine sites in the North Pennines, Lake District, Devon and Cornwall, including a trial on stabilisation of tailings dams.

After completion of the phase one works at Saltburn in Cleveland, we undertook a pumping trial to control the pollution issue from the ironstone mines. Polluted mine water previously discharged into the Skelton Beck and contributed over 100 tonnes of iron into the North Sea annually. The pumping trial was successful in stopping all the discharges associated with the mine and removed the risk of catastrophic outrush of polluted mine water onto a bathing beach popular with tourists. The final construction of the scheme to incorporate reed beds to improve performance and enhance bio-diversity is due for completion by Winter 2014.

Works have also continued at the Force Crag barytes/lead mine near Keswick in the Lake District. The former mine is a major source of metal pollution (including lead zinc and cadmium) in the Coledale Beck, the Newlands Beck, the River Derwent and Bassenthwaite Lake. The mine site is a Special Area of Conservation (SAC) and Site of Special Scientific Interest (SSSI). Working in partnership with the Environment Agency, National Trust and Newcastle University we have completed the construction of a treatment scheme on the site, which is the first full scale passive treatment for metal rich waters in the UK. The treatment system will be monitored for a year and the results used to assist with developing future metal mine projects.

We have continued with our role in working with Natural Resources Wales on the remediation of Frongoch metal mine and are working with them to develop a business case to deal with metal mine pollution across Wales.

In Scotland, at Wanlockhead, an investigation report that evaluated pollution from metal mining was completed on behalf

“Working in partnership with the Environment Agency, National Trust and Newcastle University we have completed the construction of a treatment scheme on the site, which is the first full scale passive treatment for metal rich waters in the UK”

Wheal Jane Mine Water Treatment Scheme

The scheme treats water pumped from a shaft at the former Wheal Jane Tin Mine near Truro in Cornwall and removes 100 tonnes of metals per year. Water levels are controlled in the shaft by pumping to prevent surface outbreaks of metal rich waters, which would impact on the water course and estuary at Falmouth.

To build resilience into the operation at the mine an eighth pump was installed in December 2013. However the highest rainfall for 248 years necessitated even more pumping capacity to control the mine water and prevent an uncontrolled outbreak in December 2013. The treatment scheme was pushed to its limits with an increase in pumping up to three times our normal rate but successfully treated these increased flows before discharging clean water into the Clemow Stream. A further four pumps were installed down stream in order to prevent any flood risk to the local residents.

As a result of the active co-operation between ourselves and services including Defra, the Environment Agency, Veolia and the Cornwall Fire Service, no untreated mine water was discharged into the watercourse or any properties flooded. Conditions returned to normal in February 2014.

"We are working with De Montfort University on a new field trial for a novel method of removing metals from non coal mine waters as part of our work for Defra"

of SEPA. We are now working with them to determine a strategy for progressing remediation options at this site and also at Leadhills in South Lanarkshire.

Environment Research

Projects are underway to obtain technical data and market research into the processing and marketing of ochre sludge from our mine water treatment schemes. This information will be used to develop an ochre strategy with the aim of turning a significant financial burden into a potential asset, representing large cost savings and reduced environmental impact.

Data on how well our lagoons and reed beds perform in removing ochre has been collected and analysed, providing us with the information we need to design new schemes using real and validated data, rather than estimated values. We are working with De Montfort University on a new field trial for a novel method of removing metals from non coal mine waters as part of our work for Defra. We are also working with Cardiff University on a method of mine water treatment, which needs about a quarter of the land area usually required.

We are reviewing our approach to assessing the environmental benefits of schemes. This work will be considered further in 2015 as we consider whether changes need to be made to the methods currently in use.

Engaging with the wider research community and putting our expertise on display is an important part of our approach to research and development. During the year we have worked on projects with the Universities of Cardiff, Newcastle, Aberystwth and Cranfield and have been in contact with Camborne School of Mines (University of Exeter). Our staff have attended conferences in Korea, Colorado and Cornwall to present 10 papers on our work.

Property

We hold 1,475 hectares of land for operational and non operational purposes. Receipts from disposals amounted to £269,000 and from clawback and variation of covenants £1.7 million. We are participating in a government wide property utilisation review. Although the majority of our property will be retained for operational purposes, we anticipate being able to contribute to this process.

We are exploring opportunities for the utilisation of renewable technologies including small scale wind turbines on individual mine water sites, utilisation of solar power on four sites that could take installations of over 25 acres each. Ground source heat and hydro-electric generation opportunities are also being evaluated and trialled for future benefits.

Public Safety and Subsidence

Public Safety and Subsidence

Our Public Safety and Subsidence experts investigate and repair a number of incidents related to the many abandoned coal mines in Britain. These incidents include public safety dangers caused by collapsed shafts or tunnels (adits) into coal mines, collapses of surface into shallow abandoned mine workings and emissions of mine gases or water. We also manage a large number of subsidence damage claims (under the Coal Mining Subsidence Act 1991), affecting a wide range of land and property.

Our expertise in dealing with surface hazards and subsidence issues was highlighted in a February 2014 episode of the BBC Countryfile programme.

We provide a 24 hour emergency response service to reports of hazards associated with former coal mines. Each hazard is risk assessed to identify the appropriate level of response, with matters of public safety typically being secured on site within four hours of report anywhere within the coalfield areas.

"Our Public Safety and Subsidence experts investigate and repair a number of incidents related to the many abandoned coal mines in Britain"

We received notification of 568 surface hazards during the year. The figures reflect a decrease of 7% compared to 2012–13 but are in line with the average over the past five years. The acceptance rate for surface hazard projects was 55%.

We received 467 subsidence claims in the year. These numbers would have dropped by 18% had it not been for 82 claims being passed to us for Daw Mill Colliery as a result of the restructuring of UK Coal during the year. We determined 599 subsidence claims during the year accepting liability for 47% of these claims.

Daw Mill Colliery, Warwickshire

In February 2013 an underground fire forced the evacuation of Daw Mill Colliery. Although attempts were made to control the fire this ultimately forced the closure of the mine and liquidation of UK Coal Operations Ltd on 12 July 2013. The liquidators disclaimed the property associated with the Colliery and we took immediate action to secure the site to protect the safety of the public. We worked with the Crown Estate and Harworth Estates Ltd to deliver a solution to the hazards posed by the shafts, surface drift and infrastructure. This work resulted in the safe treatment of the mine entries and demolition of the colliery structures and was completed in March 2014.

We also moved quickly to mobilise our team to reassess subsidence claims associated with the Colliery and are well on the way to resolving these and providing peace of mind to the homeowners.

Tips

All of our 42 tips, associated structures and lands continue to be subject to a risk based inspection and monitoring programme to protect the public and the environment. Telemetry is used to remotely monitor a number of our sites and has been upgraded over the past 12 months to further improve and prioritise our programme of work. We are utilising our expertise by providing advice to other landowners with tips. In 2014 we will seek to establish a tips forum focussing on best practice for managing old tips.

Research and development has concentrated on the interpretation and remote viewing of mining subsidence, and the use of alternative engineering materials to treat the incidents reported to us. This work is enabling us to apply risk based creative solutions that are more efficient and less disruptive to our stakeholders.

Mine Entry Inspections

We have continued with our programme of mine entry inspections undertaking 21,855 inspections in the year. This programme is key to ensuring property owners are aware of this mining legacy, that they know who to contact should there be any ground movement and to give them assurance that physical damage from coal mining will be repaired.

Following completion of the residential programme (in July 2012) inspections have focused on the mine entries that are located in the general urban environment. This will continue throughout 2014 with the aim of completing the urban programme by December 2014.

In total, some 89,457 inspections have now been carried out in Britain. There are still some 82,508 mine entries to inspect. Through research and development we have investigated alternative ways of undertaking inspections to effectively and efficiently manage the future programme. As part of this programme we have examined the potential to use remote viewing, including satellite data and aerial vehicles, to identify whether improvements in safety can be found.

Planning and Local Authority Liaison

Our Planning experts continue to provide early and effective consultation responses to emerging Local Plans and the planning policy making processes including active participation at public examinations. We have responded to 413 (2012–13: 328) consultations during the year to ensure that the legacy of coal mining activities are taken into account and where relevant coal resources are safeguarded. Development plan policies are beginning to reach adoption stage, which now at a local level positively address matters associated with coal and the legacy of mining. The use of these policies by local planning authorities when determining planning applications will help to ensure that future development should be safe and stable, coal resources will be safeguarded for future generations and through the removal of very shallow coal resources during development, resources will avoid being unnecessarily sterilised. It is anticipated that this work will continue to rise over the next year.

During the year we have seen:

- 61 Development Plans with mineral content having mineral safeguarding areas, with 64% of surface coal now being safeguarded in principle. We also ensured that the coal mining development risk areas as a locally distinctive issue will feature within the emerging Development Plans.
- The risk based approach to development management using coal mining development risk areas operating across all 179 coalfield local planning authorities. This process focusses upon the 15% of the coalfields where the legacy of coal mining is a distinctive issue and requires full consideration of the risks before carrying out development. The remaining areas of the coalfield are covered by general standing advice.
- Coal mining information being shared with several major organisations and all coalfield local authorities to ensure they are aware of the potential risks affecting their property. This collaborative work facilitates the assessment of potential risks and helps to identify features or hazards that require our attention.
- Responses to 6,045 site specific planning applications (2012–13: 4,863) in accordance with the duties of a statutory consultee. The year has seen a rise in numbers and a change in the nature of the consultations, with larger more complex proposals coming forward, including national infrastructure projects. We positively influence the design and layout of development proposals during the planning process. We, along with our Licensing and Permitting experts, continue to encourage prior extraction of coal resources as an effective method of remediation. It is anticipated that this number will rise over the coming year.

We respond to emerging planning related government policy and legislation. Positive influence over national planning policy has been achieved within the National Planning Policy Framework and the accompanying Planning Practice Guidance in England. There is now appropriate policy coverage for both unstable land and mineral safeguarding.

A significant consultation in the year was issued by the Scottish Government seeking views on how potential liabilities associated with surface mining can be managed effectively in the future. This issue emerged from the failure of surface mining operators in Scotland during 2013, (see Licensing below). We have given a comprehensive response to this consultation and have indicated that our skills and expertise could assist local authorities to manage issues such as assessing restoration liabilities and operator performance monitoring.

Licensing

The surface mining industry in Scotland suffered a double set back with the liquidation of Scottish Coal in April 2013, quickly followed by the liquidation of Aardvark TMC Ltd trading as ATH

Public safety and subsidence work at Joppa, Scotland

Resources in May 2013. This left a large legacy of working and un-restored surface mines. The liquidators have since been successful in selling some of the operating sites and with the assistance of the Scottish Government, SEPA and the minerals planning authorities, several of the sites have recommenced working to revised and approved restoration profiles.

One of the Aardvark sites, Muirdean in Fife, posed a serious environmental threat. Experts from our Environment and Public Safety teams developed a solution and advised Fife Council, SEPA and the Scottish Government. This collaborative cross government approach enabled a restoration scheme to be designed and implemented. Site works are now progressing to plan.

We are actively participating in the Scottish Opencast Mining Taskforce, which was set up by the Scottish Government to focus on finding solutions for the unrestored sites.

UK Coal Production Ltd announced that due to continuing financial difficulties their last two producing mines, Kellingley Colliery in Yorkshire and Thoresby Colliery in Nottinghamshire, will close in 2015. In addition, Harworth Colliery in Nottinghamshire, which was mothballed in 2006, will also close.

“We have given a comprehensive response to this consultation and have indicated that our skills and expertise could assist local authorities to manage issues such as assessing restoration liabilities and operator performance monitoring”

Following the decision by Maltby Colliery Ltd to close Maltby Colliery last year, work is progressing on the demolition of the colliery. Two shafts have been filled and the third shaft will remain open so that methane gas can be commercially extracted from the abandoned mine workings.

In December 2013 the underground licence for Hatfield Colliery was assigned to Hatfield Colliery Partnership Ltd to enable continued operations of the mine.

In October 2013 Unity Mine went into administration.

Aberpergwm Colliery which was mothballed in 2012 due to the low price of coal resumed production in July 2013.

In 2012 we granted a conditional underground licence on the Scottish borders to New Age Exploration Ltd, for what is known as the Lochinvar Project. Extensive exploratory drilling has taken place in the licence area and further drilling is to take place. The results of exploratory drilling will assist in evaluating the reserve potential and hopefully increase the prospects of developing an underground mine in the area.

Alternative technologies linked to underground coal and mine workings continue to be explored. Several companies are looking at proposals for underground coal gasification and we have granted conditional licences in some of the coalfield areas.

With the increase in the efficiency of heat pump technology and the growing emphasis on renewable energy, the possibility of extracting heat from water located in our abandoned mine workings continues to be explored. One further access agreement was granted in the year to further develop the concept, making a total of 10 so far.

We continue to challenge the manner that we regulate the industry and in 2015 plan to review the appropriateness of our legislation in this area.

Permitting

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

We received 1,305 applications during the year. This was a significant increase from the 983 applications during the previous year. Our work with our Planning experts on promoting prior extraction principles and in providing land owners and other bodies with coal mining information, will increase both the understanding of the risks and benefits of coal removal and the demand for permission to enter our estate.

We continue to make progress on the improvement of the permits process, with initial works on the development of an automated permits system having been completed. We are scoping further options to determine the optimum delivery solution to enable the benefits of a new electronic permits system to be realised by all our stakeholders.

Performance against 2013–14 corporate aims and objectives (95% overall achievement)

1. Business Development	
1.1 Releasing economic value in our people and information for the good of the public	To commence the work necessary in order to release the economic value in our people and information we set two corporate objectives associated with obtaining further value from the information that we hold and to develop and manage our brand. 95% of in year target was achieved with recommendations made on information products to be developed and brand positioning agreed.
2. Continuous Improvement	
2.1 Delivering better value and growing expertise through innovation and research and development partnerships	88% of in year target achieved. Our research and development programme is progressing with partnerships being developed with public and private bodies and academia. Some projects were delayed during the year due to external factors which have been overcome.
2.2 Maximising the potential of our people	100% of in year target achieved. Knowledge transfer targets have been set in critical areas to ensure that we can continue to provide the technical expertise necessary to deliver our products and services. We have also developed an apprenticeship scheme and a graduate training development programme. These will be implemented in 2014–15. Staff wellbeing team plans are in place.
2.3 Delivering safely while conserving the environment	90% of in year target achieved. Our safety, health and environment (SHE) ethos has been further embedded into all areas of our business during the year. This has been supported by the Board establishing a SHE Committee chaired by a Non-Executive Member to develop SHE strategy and policy. Personal health and safety behavioural standards have been produced and signed by all staff. The British Safety Council undertook their five star health and safety audit of our work during the year which resulted in us being awarded four stars, an improvement on the previous audit. Revised high level environmental objectives were produced and approved at year end.
2.4 Delivering better stakeholder satisfaction	92% of in year target achieved. Our operations system implemented in 2012–13 continued to be embedded and is delivering benefits on workload. Results of the environmental systems analysis work has been incorporated into the tender documents being developed. The strategy for continuing with current back-office services was approved by the Board. Further work was undertaken during the year to deliver additional digital services to stakeholders.
3. Deliver our Business	
3.1 Manage the legacy coal, property and safety issues and communicate related information to citizens and stakeholders so that the safety of the public is protected from historic coal mining	100% of in year target achieved. We have successfully delivered our safety and subsidence projects and our tip management programme and completed 22,000 mine entry inspections during the year.
3.2 Manage the water pollution caused by mining so that the water is protected and improved to 'good' status	98% of in year target achieved. Work on scoping and feasibility studies and concept and detailed designs for schemes in future years is on programme. Capital expenditure on the mine water build programme was in line with budget. The metal mine water programme for the year has been delivered. The strategy for the mine water design, build and operate contracts have been approved.
3.3 Use the information and breadth of skills and experience so that stakeholders are aware of mining and mineral information to make informed decisions and value is created for the Authority	83% of in year target achieved. Our statutory planning and regulatory activities were undertaken in line with the best indicators in order to facilitate economic growth with all key performance indicators being met. All property search activities were completed within published performance targets. Work is ongoing with the review of the Coal Industry Act 1994 and our licensing processes.

Corrwg mine water treatment scheme

The Year Ahead: 2014–15

WE REMAIN COMMITTED TO PROVIDING NEW INNOVATIVE VALUE FOR MONEY SOLUTIONS IN ORDER TO ENHANCE THE LEVEL OF EFFECTIVE AND EFFICIENT SERVICES PROVIDED TO OUR STAKEHOLDERS.

“We will also establish a new regulatory service that combines our licensing, permitting, planning, estates and legal functions. This service will champion better regulation principles, continuous improvement and seek to be innovative in the manner it delivers its services”

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

We will also establish a new regulatory service that combines our licensing, permitting, planning, estates and legal functions. This service will champion better regulation principles, continuous improvement and seek to be innovative in the manner it delivers its services. It will provide advice both nationally and internationally in the areas of our expertise.

Mine entry aerial survey data

2014–15 Corporate Aims and Objectives

Business Development
Develop and sell new information products and services
Strengthen organisational culture around the brand
Understand the best opportunities for commercial success and develop the approach
Develop new commercial services and deliver to market
Embed commercially aware culture
Deliver a step-change in the public understanding of our role and visibility of the brand

Continuous Improvement
Develop new mine water methods and processes and raise our public profile
Improve operational system capability
Harvest, share and manage significant knowledge
Conclude process review of regulation activities
Ensure consistent high performance with increased Manager capability and effectiveness
Further improve Health and Safety behaviours
Launch a trainee programme
Achieve the environmental objectives
Introduce best practice project management methodology, tools and capability

Business Delivery
Meet Public Safety & Subsidence, regulatory and property search KPIs
Deliver the English non coal mine water programme
Invest £5.7 million in coal mine water treatment schemes
Procure good value for money DBO contract for mine water schemes


Smithy Brook mine water after treatment

Financial Review

WE CONTINUE TO RESPOND WELL TO THE BUDGETARY CHALLENGES THAT WE FACE DURING THE CONTINUING DIFFICULT ECONOMIC CLIMATE.

Introduction

Performance for the first year of the five year corporate plan at 95% reflects the good progress we have made in preparing to become increasingly self-sufficient and less reliant on grant in aid from DECC over the medium term.

Indicative funding from DECC has been set at £34.6 million for 2014–15 and £34.9 million for 2015–16. The settlement for the next two years is challenging and pressure on the administration budgets is particularly acute. However we are well positioned to meet our future financial challenges. We have taken action that is forecast to reduce costs by £5.0 million during 2014–15 as compared to 2010–11 (the last spending review baseline). Costs relating to provision of IT services, which were largely in-sourced during 2013–14, have more than halved and this has contributed to an expected £1.4 million (30%) reduction in administration expenditure in 2014–15, compared to 2010–11. £3.6 million savings have been driven by the operational efficiency programmes.

We have taken action that is forecast to reduce costs by

£5.0 million

Financial Performance 2013–14

In delivering our programmes for the year in line with the corporate plan we have delivered against our targets under the current spending review settlement from

DECC, with outturn expenditure well within delegated expenditure limits (DEL).

Expenditure for 2013–14 was £8.3 million less than our original spending review settlement from DECC. Operational efficiency programmes were £2.0 million ahead of target over the period. Incremental mining reports income of £2.8 million, as a result of a more buoyant property market, seen through an increased volume of transactions during the year, better than anticipated property clawback proceeds of £1.7 million from the sale of property, and a re-programming of mine water treatment scheme build worth £2.1 million in the year also contributed to the favourable variance.

Cash Flow

The net cash outflow (before financing activities) during the year was £24.1 million, an increase of 18% on the previous year (2012–13: £20.4 million). This was financed by £27.0 million grant in aid (2012–13: £24.0 million) resulting in an increase in cash balances held of £2.9 million (2012–13: increase of £3.6 million).

Net cash outflow from operating activities amounted to £19.0 million (2012–13: £17.6 million). The constituents of operating cash flow are:

- Cash expenditure managing legacy liabilities included within our provision balance of £17.4 million (2012–13: £19.7 million). The provision balance is an estimate of the future expenditure relating to legacy liabilities that we manage. The decrease in expenditure booked against the provision compared to the previous year is mainly due to the settlement of a significant subsidence claim during 2012–13;
- Income from activities of £15.6 million (2012–13: £12.9 million), driven mainly by mining report sales of £9.8 million (2012–13: £8.4 million) and environmental technical services of £4.1 million (2012–13: £3.2 million);
- Cash based programme and administration costs at £19.1 million have increased by £4.2 million compared to the previous year (2012–13: £14.9 million). The increase is primarily as a result of one-off in year costs of £3.3 million for public safety works associated with the closure of Daw Mill Colliery, this expenditure falling outside of the legacy liabilities that we manage through provisions; and
- An inflow from working capital of £1.9 million (2012–13: £4.0 million outflow).

Net cash outflow from investing activities at £5.1 million is significantly higher than that of prior year (2012–13: £2.7 million) driven by a reduction in capital income. The constituents of cash flow relating to investments are:

- Cash purchases of property, plant and equipment at £6.4 million (2012–13: £5.3 million) is driven by our ongoing programme to develop and build mine water treatment schemes;
- Expenditure on intangible assets of £0.8 million (2012–13: £1.6 million) relates to the ongoing development of our information system; and
- Proceeds from the sale of property at £2.1 million were driven mainly by clawback income. This was significantly in excess of expectations, but less than in the previous year (2012–13: £4.2 million).

2013-14 DEL (£m)	Original Spending Review 2010 Settlement	Final Settlement	Outturn
Resource – Programme	26.9	22.9	22.9
Resource – Administration	4.4	4.4	4.4
Capital	7.7	4.2	3.4
Total DECC funding	**39.0**	**31.5**	**30.7**

(Note: Our costs relating to DEL, as provided under HM Treasury's Budgeting Guidance, differs to that presented under IFRS as a result of inconsistent treatment in the movements in provisions and treatment of capital proceeds).

Mine entry repair work in the North East

Net Expenditure

Net expenditure for the year to 31 March 2014 was £23.1 million (2012–13: £179.5 million). This is analysed as follows:

- Staff costs at £7.6 million have increased by £1.1 million compared to the previous year (2012–13: £6.5 million). This increase is primarily as a result of developing an in-house ICT support services capability to deliver operational efficiencies and cost savings, and due to temporary resource requirements within the Environment team required to cover the transitional period until the new strategic contracts for the design, build and operation of mine water schemes come into effect from January 2015.
- Other expenditure of £11.4 million (2012–13: £8.4 million) is expenditure that has not been provided for in previous years and relates primarily to the provision of mining reports. The increase in expenditure during 2013–14 is primarily as a result of one-off in year costs of £3.3 million for public safety works associated with the closure of Daw Mill Colliery, but off-set by realised savings of £1.0 million as a result of the new ICT support services model;
- Non-cash items provide an increase to provisions balances of £16.4 million (2012–13: £175.7 million). As further explained below and in Note 15 to the Accounts these non-cash charges have arisen following a detailed review of the assumptions and trends that feed into the provision calculation and after charging £11.2 million for the unwinding of discount on the provisions (2012–13: £18.6 million). The provision is discounted to reflect the time value of money and the discount is unwound every year;
- Depreciation, amortisation and revaluation of non-current assets of £5.3 million (2012–13: £5.1 million, which included a £0.4 million devaluation of investment properties);
- Income from activities at £15.6 million increased by £2.7 million (2012–13: £12.9 million), driven primarily by increased mining reports income and environmental technical services income for the

feasibility, build and operation of metal mine water treatment schemes;

- Profit on disposal of assets of £2.0 million (2012–13: £3.3 million) arose mainly from restrictive covenants and clawback as outlined above.

Grant in aid received from DECC is credited directly to tax payers equity and not recognised as income.

Statement of Financial Position

At 31 March 2014 net liabilities were £975.7 million (2013: £980.3 million).

Total non-current assets increased by £2.1 million to £93.2 million. The main movements within this balance are outlined below:

- Property, plant and equipment (PPE) increased by £3.3 million to £87.9 million (2013: £84.6 million). Capital expenditure on PPE amounted to £6.3 million relating predominantly to the construction of mine water treatment schemes. This expenditure is offset by disposals, depreciation and revaluation adjustments amounting to £3.0 million.
- Intangible assets decreased by £1.2 million to £4.8 million (2013: £6.0 million). Capital expenditure on intangible assets of £0.4 million relating predominantly to the investment in the Authority's information system was offset by disposals, amortisation and revaluation adjustments amounting to £1.6 million.

Total current assets increased by £4.1 million to £11.9 million. This increase is due to an increase in cash balances to £7.6 million (2013: £4.7 million) held by Government Banking Services and increased receivables balance. During the year £4.9 million of security was called-in to deal with subsidence claims associated with Daw Mill Colliery as a result of the administration and the liquidation of Aardvark TMC Ltd trading as ATH Resources PLC and Scottish Coal Company Ltd.

Total liabilities increased by £1.5 million to £1,080.9 million (2013: £1,079.4 million) as outlined below:

- Payables increased in the period to £14.9 million (2013: £12.4 million). This increase was largely driven by liabilities in relation to called-in security, off-set by a reduction to trade payables, due to the timing of mine water and system development expenditure and decreased accruals following the settlement of a number of subsidence claims.
- Provisions decreased from £1,067.0 million to £1,066.0 million. Of the £1,066.0 million provisions balance, £24.2 million is classified as a current liability.

Provisions reflect an estimate of future expenditure relating to the legacy liabilities that we will manage over certain time periods. Note 15 to the Accounts illustrates the high level of sensitivity of the provisions balance to trends, assumptions and changes to the discount rate.

A detailed annual review has been completed and movements in provisions accordingly transacted in the period. In calculating the provisions a decrease of £4.2 million during the year due to changes in the discount rates used, in line with HMT guidance, has been off-set by revised projected future cash flows.

Going Concern

The Statement of Financial Position shows net liabilities of £975.7 million at 31 March 2014. This reflects the inclusion of future expenditure for liabilities falling due in future years which, as explained above, cover periods of 50 and 100 years into the future. To the extent that they are not met from our other sources of income, they may only be met by future grants or grants in aid from our sponsoring department, DECC. This is because, under the normal conventions applying to Parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Paragraph 14(1) of Schedule 1 to the Coal Industry Act 1994 states:

"The Secretary of State shall, in respect of each accounting year, pay to the Authority such amount as he may determine to be the amount required by the Authority for the carrying out during that year of its functions under this Act".

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

Corporate Social Responsibility

IT HAS BEEN AN EXCITING YEAR FOR US WITH THE LAUNCH OF OUR FIVE YEAR PLAN.

“A key focus in the year has been on knowledge transfer and succession planning”

Our People

All staff were invited to workshops to discuss the vision and provide views on where they thought we should be as an organisation in five years' time.

The workshops provided an excellent opportunity for staff to come together and work in mixed teams to generate new ideas for raising our profile and expanding the range of our services.

A key focus in the year has been on knowledge transfer and succession planning. Knowledge transfer awareness sessions have been held to help our people understand the importance of knowledge harvesting and transfer to the right people. This will aid business continuity and retain expert knowledge on mining legacy issues, which is unique to us.

We continue to support the wellbeing of our staff. The SHE Safety and Culture Group focusses on staff health and safety, the Cultural Development Group focusses on organisational culture and how we do things, and the Staff Liaison Group arranges a number of charitable events and social activities. We value the work of all of these groups, which support our aim to become an employer of choice.

A considerable amount of work has been undertaken in promoting us as an employer with universities and schools. We regularly provide work experience for local schools and placements for university students. We have joined the Mansfield Learning Partnership and are now offering apprenticeships for young people to provide them with opportunities to study whilst gaining valuable work experience. Our promotional work in this area has resulted in us winning the Career Champion Award, sponsored by the Mansfield Learning Partnership, at the Mansfield 2020 Awards Evening.

To follow up on ensuring that we have the right skills and levels of capability going forward, we invested in a management development programme which all managers attended. This was successful in helping managers to 'push their boundaries' and challenge themselves as managers and leaders in developing their skills sets.

We are entering a new performance culture as we look to become more commercial and have devised new performance competencies aligned to our five year plan. These competences will help to increase performance at all levels.

"The health, safety and welfare of our staff, contractors and the public is always a priority"

Social, Community and Human Rights Policies

Although we do not have social, community or human rights policies we work to the highest principles in these areas as demonstrated in this report.

Health and Safety

The health, safety and welfare of our staff, contractors and the public is always a priority. To this end, our health and safety management system continues to be reviewed, revised and audited throughout the year. In addition to this, our corporate governance arrangements have been reviewed and the committee structure altered to provide clearer lines of responsibility and communication.

Whilst these go some way to ensuring an effective safety culture, we recognise that governance structures and management systems are only part of it and it is as much about personal behaviours as it is about processes. In that regard, our Safety Culture Steering Group continued to make excellent progress during the year and highlights were the development of our health and safety vision, the delivery of a series of interactive presentations to all staff and the establishment of a system of safety, health and environment observations, to enable better reporting and positive action to address unsafe conditions and working practices.

These, together with other campaigns and initiatives undertaken during the year, have resulted in significant improvements, as evidenced by the four stars we received in the British Safety Council Five Star audit, carried out in February 2014. The result was considerably better than the last audit in February 2012 and demonstrates the continual improvement we have made over the last two years.

Environment

Although exempt under 'Greening Government' requirements we have set ourselves a number of sustainability targets in line with government objectives using 2009–10 as our base measurement year to be achieved by 2014–15. Set out below are our main results as at the end of the year:

Carbon Emissions

- Cut carbon emissions from our Mansfield headquarters by 25% per full time employee. We have reduced our carbon emissions by 42% per full time employee.
- Cut carbon emissions from business travel by 25% per full time employee. This year we have reduced our carbon emissions by 22% per full time employee.

At the end of the year we employed 158 staff plus four Non-Executive Directors:

	Non-Executive Director	Executive Director	Senior Manager	Staff	Total
Male	3	3	9	77	92
Female	1	–	3	62	66
Total	4	3	12	139	158

Waste

- We ensure that zero waste is sent to landfill from our Mansfield office.
- All non-hazardous waste from Mansfield is sent to a materials recovery facility.
- We maximise the re-use and recycling of all ICT and WEEE equipment.

Water

- Our planned reduction of water consumption below 6m^3 per full time employee has been deferred to 2017–18. Current consumption is 6.9m^3 per full time employee.

Sustainable Procurement

- We commenced the implementation of our sustainable procurement policy in 2012–13 and work is ongoing with this implementation.
- The final stage of the adoption of closed loop paper procurement for our Mansfield headquarters was implemented in June 2014.

Customer Relations

Access to Information

As a public body we comply with the requirements set out in the Freedom of Information Act 2000 (FOI) and the Environment Information Regulations 2004 (EIR). We respond positively to all requests for information except where this is constrained by confidentiality or where such requests become vexatious. During the year we received 41 requests for information under FOI and EIR with all responses issued within 20 working days.

At the year end we have been informed that two investigations into responses to requests for information under EIR are being undertaken by the Information Commissioner's Office. We were also informed in April 2014 that the Parliamentary and Health Service Ombudsman was investigating a complaint made by a Member of Parliament on behalf of constituents.

We operate a public information telephone service especially in the areas where there is most contact with the public and these have worked well. During the year we resolved 10 complaints received via the telephone service.

We received two environmental complaints during the year. One related to construction works disturbing nesting birds. Investigations found that there were no nesting birds. The second relates to a mine water treatment scheme and residents noticing orange residue on external walls. Investigations are ongoing and if found to be related to the scheme then remedial work will be undertaken.

During the year we received 47 letters from Members of Parliament, Members of the Scottish Parliament and Welsh Assembly Members. The average time taken to respond was 10 days. Most of the complaints received arise from the provision of mining information.

Publications

Copies of our Corporate Plan 2014–15, Health and Safety Annual Report 2013–14 and Environmental Review 2013–14 can be accessed at www.coal.decc.gov.uk.

Transparency

We publish on our website at www.coal.decc.gov.uk our structure and organograms, salaries of staff earning £58,000 and above, senior staff expenses, details of all our expenditure and details of all contract awards and current requirement over £10,000. These are updated regularly in line with the government timetable.

Local Community and Charity

Our staff organised five fundraising events during the year for charities which raised a total of £3,357.

P J Lawrence
Member, Chief Executive and Accounting Officer

17 June 2014
(Strategic Report, pages 10 to 30)

Construction of Ellington mine water treatment scheme

Governance

Left to right: Bob Spedding, Simon Reed, Stephen Dingle, Philip Lawrence, Tricia Henton, Stephen Redmond, Paul Frammingham

Director's Report

THE AUTHORITY PRESENTS ITS REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014. THE ACCOUNTS HAVE BEEN PREPARED IN A FORM DIRECTED BY THE SECRETARY OF STATE WITH THE CONSENT OF THE TREASURY IN ACCORDANCE WITH PARAGRAPH 15(1)(B) OF SCHEDULE 1 OF THE COAL INDUSTRY ACT 1994 ("THE ACT"). THE ACCOUNTING OFFICER AUTHORISED THESE FINANCIAL STATEMENTS FOR ISSUE ON THE DATE OF CERTIFICATION BY THE COMPTROLLER AND AUDITOR GENERAL.

"The Authority observes the principles of the Better Payment Practice Code"

Functions, Duties and Powers of the Coal Authority

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

Review of Operations

The Chief Executive's report on pages 10 and 11 gives a summary of the Authority's activities during the year and the future outlook.

Supplier Payment Policy

The Authority observes the principles of the Better Payment Practice Code and aims to pay valid invoices within 30 days of receipt or as agreed with suppliers. In the year ended 31 March 2014, this was achieved for 99% of invoices.

Board Members and their Interests

The Board Members who served during the period were:

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

Appointed as Board Member from 1 May 2008 – 30 April 2011
Re-appointed as Board Member to 30 September 2014
Appointed as Chair 1 April 2013 – 31 March 2017

Paul Frammingham, BA (Hons), ACMA

Attended the Board from 6 May 2008 – 31 March 2011
Appointed as Board Member from 1 April 2011 – 31 March 2014
Re-appointed as Board Member to 31 March 2017

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

Appointed as Board Member from 1 October 2010 – 30 September 2013
Re-appointed as Board Member to 31 March 2017

Philip Lawrence, BSc (Hons)

Appointed as Board Member from 9 November 2006 – 31 March 2008
Re-appointed as Board Member to 31 March 2011
Re-appointed as Board Member to 31 March 2014
Re-appointed as Board Member to 31 March 2017
Appointed as Chief Executive 1 January 2007

Stephen Pennell, FIOD

Appointed as Board Member from 9 November 2006 – 31 March 2008
Re-appointed as Board Member to 31 March 2011
Re-appointed as Board Member to 30 June 2013
Stood down from the Authority on 30 April 2013

Stephen Redmond, MCIPD (Non-Executive Member)

Appointed as Board Member from 1 March 2010 – 30 September 2013
Re-appointed as Board Member to 31 March 2016

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

Attended the Board from 1 January 2010 – 31 March 2011
Appointed as Board Member from 1 April 2011 – 31 March 2014
Re-appointed as Board Member to 31 March 2017

Robert (Bob) Spedding, LLB, FCA (Non-Executive Member)

Appointed as Board Member from 1 April 2013 to 31 March 2016

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

No Board member of the Authority has any financial interest in the Authority. A Register of Interests is maintained which is open to the public to view at the Authority's Mansfield Office or can be accessed at www.coal.decc.gov.uk. Any related party transactions are provided in Note 20 to the Accounts.

Authority's Executive Leadership Team

The Executive Leadership Team comprised:

Mr C Banton
Head of Public Safety and Subsidence (rotated off 31 March 2014)

Mr P J Frammingham
Director of Finance and Corporate Services

Mr R Hughes
Head of Business Development and Brand

Mr P J Lawrence
Chief Executive

Mrs L Lax
Head of Human Resources and Organisational Development

Dr S M Reed
Director of Operations

Donations

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

Employee Involvement

The Authority is committed to engaging with staff throughout the business. The Authority has a Staff Liaison Group and a Cultural Development Group. The former deals with non-contractual staff matters and the latter is the forum for discussion on the way that the Authority works and the wellbeing of its staff.

Employment

The Authority is committed to equal opportunities. This commitment means that decisions to appoint, reward, train, develop and promote are taken purely on the basis of skills and abilities, as matched against the requirements of the job.

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

The absence rate for the year was 1.27% as against 2.54% for 2012–13.

Pensions and Other Post Retirement Benefits

Former and current employees who have chosen to join are covered by the provisions of the Principal Civil Service Pension Scheme which is an unfunded multi-employer defined benefit scheme. The accounting policy is given in Note 1 to the Accounts and further information about the Scheme is provided in the Remuneration Report and Note 3 to the Accounts.

Personal Data

No personal data related incidents occurred during the year, see page 46.

Fees and Charges

We have complied with HM Treasury's Managing Public Money guidance in relation to fees and charges.

The absence rate for the year was

£1.27%

as against

£2.54%

for 2012–13

Our people

Auditors

The Comptroller and Auditor General was appointed under the Coal Industry Act 1994 and reports to Parliament on the audit examination. No remuneration was paid to our auditors for non audit work and no other services were provided. The audit fee was £42,000.

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

The Accounting Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

P J Lawrence
Member, Chief Executive and Accounting Officer

17 June 2014

Construction of Ellington mine water treatment scheme

Remuneration Report

THIS REPORT HAS BEEN PREPARED IN ACCORDANCE WITH THE GOVERNMENT FINANCIAL REPORTING MANUAL.

Introduction

The report is made by the Accounting Officer on behalf of the Board on the recommendations of the HR & Remuneration Committee.

The HR & Remuneration Committee

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

Remuneration Policy for the Executive Directors

With the exception of the Chief Executive, the Executive Directors' remuneration is determined via the Pay Remit process approved by the Secretary of State. The HR & Remuneration Committee review and make recommendations about the remuneration of the Chief Executive which is formally determined by DECC. The Committee follows Senior Civil Service Guidelines and awarded a 1% increase in the Chief Executive's salary from 1 April 2013 and has also awarded a 1% increase from 1 April 2014.

Performance Management System

The Executive Directors participate in the Authority's Performance Management System (PMS). Individual assessments are made by the Chief Executive and Chair and reviewed by the HR & Remuneration Committee. Appraisal of individual performance is based on the achievement of defined objectives which are assessed against four performance scores.

Performance Related Pay

Non-consolidated performance related pay (PRP) is subject to obtaining annual approval via the Pay Remit process from DECC and the Pay Remit for 2013–14 was approved by DECC in September 2013.

Non-contractual, non-pensionable PRP is earned based on a corporate award, reflecting corporate, team and individual performance against objectives, as well as recognising exceptional individual contribution in the delivery of corporate objectives.

Corporate performance for 2013–14 has been assessed by the Board at 95% and payment of PRP for the year has been adjusted accordingly.

Executive Directors' Contracts

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

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

Director	Date appointed as Director	Notice Period
Mr P J Frammingham	6 May 2008	6 months
Mr P J Lawrence	2 May 2006[1]	6 months
Dr S M Reed	1 January 2010[2]	6 months

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

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

The following paragraphs of the Remuneration Report have been audited.

Non-Executive Directors

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

Fees Paid	Contract	2013–14	2012–13
	End Date	£	£
Mr S Dingle[1]	31 March 2017	27,050	15,512
Ms M P Henton	31 March 2017	11,666	11,666
Dr H M Mounsey[2]	31 March 2013	–	27,050
Mr S Redmond	31 March 2016	11,666	11,666
Mr R W Spedding	31 March 2016	11,666	–

1 The figure quoted encompasses Mr Dingle's role of Chair designate from 1 January 2013 and Chair from 1 April 2013.
2 The figure quoted encompassed Dr Mounsey's role as Chairman until 31 March 2013.

Executive Directors' Remuneration

	Salary £		Car Allowance £		PRP £		PRP (Adjustments) £		Pension Benefits £		Total £	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Mr P J Frammingham	81,273	80,468	8,806	8,806	8,964	4,716	–	140	29,727	36,638	128,770	130,768
Mr P J Lawrence	121,578	120,405	9,906	9,906	14,583	7,051	–	212	35,359	51,265	181,426	188,839
Mr S Pennell[(1)]	7,176	86,395	734	8,806	–	1,949	–	300	716	13,762	8,626	111,212
Dr S M Reed	81,273	80,468	8,806	8,806	8,964	4,716	–	280	11,045	19,148	110,088	113,418

1 Mr S Pennell left under Voluntary Redundancy terms on 30 April 2013. A compensation payment of £207,143 was accrued in 2010–11, in accordance with the provisions of the Civil Service Compensation Scheme, and paid in 2013–14. The compensation payment includes amounts for payments in lieu of notice and pension compensation.

Executive Directors' remuneration includes; salary; non-consolidated performance related pay earned in the year under the PMS, which is non-contractual; benefits-in-kind, including any allowances treated by HMRC as a taxable emolument; and, the value of pension benefits accrued during the year.

The Authority offer subsidised gym membership to all staff. Mr P Lawrence has participated in this scheme at a cost of £60 (2012–13: £90) to the Authority. This is included in the salary shown in the table above.

The Authority also participates in a HMRC approved cycle to work scheme. Mr P Frammingham, Mr P Lawrence and Dr S Reed have participated in this scheme during 2013–14 and 2012–13.

PRP for 2013–14 relates to the amount accrued during the year. PRP for 2012–13 was paid in-line with amounts accrued during the year, but also includes an adjustment for 2011–12, whereby the final amounts paid during 2012–13 were in excess of the amount accrued during 2011–12.

Executive Directors' Pension Entitlements

	Accrued pension at pension age as at 31 March 2014 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase in CETV
	£000	£000	£000	£000	£000
Mr P J Frammingham	11 – 15 plus 0 lump sum	0 – 2.5 plus 0 lump sum	112	89	12
Mr P J Lawrence	20 – 25 plus 0 lump sum	2.5 – 5.0 plus 0 lump sum	307	255	14
Mr S Pennell	15 – 20 plus 55 – 60 lump sum	0 – 2.5 plus 0.0 – 2.5 lump sum	391	390	1
Dr S M Reed	15 – 20 plus 55 – 60 lump sum	0 – 2.5 plus 0 – 2.5 lump sum	361	329	8

GOVERNANCE

Cash Equivalent Transfer Values

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

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

Real Increase in CETV

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

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

Pay Multiples

The remuneration of the highest paid director in the Authority in the financial year 2013–14 was £146,067 (2012–13: £137,362). This was 3.9 times (2012–13: 3.8 times) the median remuneration of the workforce, which was £37,093 (2012–13: £36,168).

The increase in the pay multiple ratio is driven by the highest earner receiving increased PRP as compared to the previous year.

In 2013–14 and 2012–13, no employee received remuneration in excess of the highest paid director. Remuneration ranged from £16,359 to £146,067 (2012–13: £16,165 to £137,362).

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

P J Lawrence
Member, Chief Executive and Accounting Officer

17 June 2014

Blenkinsopp mine water treatment scheme

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

UNDER PARAGRAPH 15(1)(B) OF SCHEDULE 1 TO THE COAL INDUSTRY ACT 1994 THE SECRETARY OF STATE, WITH THE CONSENT OF HM TREASURY, HAS DIRECTED THE AUTHORITY TO PREPARE FOR EACH FINANCIAL YEAR A STATEMENT OF ACCOUNTS IN THE FORM AND ON THE BASIS SET OUT IN THE ACCOUNTS DIRECTION. THE ACCOUNTS ARE PREPARED ON AN ACCRUALS BASIS AND MUST GIVE A TRUE AND FAIR VIEW OF THE STATE OF AFFAIRS OF THE AUTHORITY AND OF ITS INCOME AND EXPENDITURE, TOTAL RECOGNISED GAINS AND LOSSES, AND CASHFLOWS FOR THE FINANCIAL YEAR.

"The Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual"

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

Installation of a gravity feed drain in Scotland

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

P J Lawrence
Chief Executive and Accounting Officer

17 June 2014

Ffos-y-fran surface mine

Governance Statement

THIS GOVERNANCE STATEMENT OUTLINES THE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL ARRANGEMENTS IN PLACE TO ENSURE ACHIEVEMENT OF THE AUTHORITY'S OBJECTIVES. IT ALSO EXPLAINS THE CHALLENGES AND RISKS BEING MANAGED BY THE AUTHORITY SO THAT IT CAN ACHIEVE ITS ASPIRATION OF BEING A WORLD LEADER IN RESOLVING THE IMPACTS OF MINING.

"The Authority is committed to high standards of Corporate Governance. We work within a Framework Document that is reviewed and agreed annually with the Department of Energy and Climate Change (DECC)"

1. The Coal Authority's Governance Framework

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

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

1.1 Board of Directors

As at 31 March 2014 we had seven Members (three Executive plus four Non-Executive appointed by the Secretary of State of DECC).

The Board had 14 meetings during the year. This includes 12 scheduled meetings and two additional meetings held in person or by telephone as required.

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

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

Name	Board (14)	Audit (4)	HR & Remuneration (4)	Environment (4)
Mr S Dingle	14	2	4	
Mr P J Frammingham	14	4		1
Ms P Henton	14	4	3	4
Mr P J Lawrence	14	4	3	3
Mr S Pennell	1 (left 30.06.13)			
Mr S J Redmond	11	4	4	
Dr S M Reed	14			4
Mr R W Spedding	13	4	4	

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

1.2 Committees

Audit Committee

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

Mr Robert Spedding was appointed Chair of the Audit Committee on 1 April 2013 and succeeded Mr Stephen Dingle who attended two Audit Committees during the year by invitation.

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

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

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

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

During the year the Authority's current Internal Auditors, Pricewaterhouse Coopers (PwC), have undertaken a number of reviews including those covering financial systems, ordering and tendering, and contract management.

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 consistent with that of previous years and is the strongest opinion that PwC can provide.

PwC's Internal Audit contract expired in March 2014. A new arrangement has been put in place where Internal Audit will be led by HMG's Cross Departmental Internal Audit Service (XDIAS), with most delivery subcontracted to PwC.

The Audit Committee, as part of its standing agenda, continues to keep key policies under review, including those that are important to the Authority in ensuring compliance with the Bribery Act 2010. The Committee has reviewed key accounting policies and judgements that will influence the Annual Report and Accounts.

HR & Remuneration Committee

Membership of the HR & Remuneration Committee comprises the Non-Executive Directors and the Chief Executive under the chairmanship of Mr Stephen Redmond. The Head of Human Resources and Organisational Development attends by invitation along with the HR Manager and the HR Project Manager.

Previous Governance Statements have described the major change programme being undertaken by the Authority. The HR & Remuneration Committee has continued to support the Authority during this change with specific focus on reviewing organisational design and capability. The introduction of a new competency framework along with the introduction of the talent management nine box grid has been agreed by the committee and both are currently being implemented. The Committee has continued to spend time reviewing the Authority's succession planning strategy ensuring that skills and knowledge through the organisation are fit for purpose both now and in the future. These themes are further discussed later in this report.

Environment Committee

The Environment Committee is chaired by Ms Tricia Henton and attended by representatives for the key activities of the Authority including the Chief Executive, Director of Operations, the Head of SHE and Facilities and relevant departmental Heads.

The Committee met four times during the year. It has annually reviewed terms of reference which outline its responsibilities in developing the strategic direction of the Authority in respect of environmental matters. Corporate environmental objectives and targets have been reviewed and updated to cover the five year plan period and progress against these will continue to be reported in the Annual Environmental Review which can be found on the Authority's website (www.coal.decc.gov.uk).

The Authority's overall governance for Safety, Health and Environment (SHE) has recently been reviewed and updated. This has resulted in clearer lines of responsibility and accountability, with the Environment Committee becoming a SHE Committee with enhanced terms of reference from 2014–15. The SHE Management Group, discussed below, will report directly to the SHE Committee.

1.3 Management Teams

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

Executive Leadership Team

The Authority's Executive Leadership Team (ELT) consists of the Authority's Executive Directors, the Head of Human Resources and Organisational Development and the Head of Business Development and Brand. It is intended that other Heads of Department will be invited on for certain periods from time to time and the Head of Public Safety and Subsidence joined the team for the year to March 2014.

The Team normally meets weekly with focus on People, Pace and Direction.

2018 Steering Group

The 2018 Steering Group currently consists of the ELT, certain Heads of Department and the Contracts Manager and meets monthly. This Group is charged with ensuring that the Authority identifies and manages risks and issues relating to the five year plan (which runs to 2018), and achieves its planned milestones.

This Group replaces the previous, larger Strategic Management Team (SMT), and is designed to provide challenge to project sponsors in a more focussed forum.

Safety, Health and Environment (SHE) Management Group

The Safety, Health and Environment (SHE) Management Group is chaired by the Director of Operations and comprises the Head of SHE and Facilities, the CDM Co-ordinator, and Operational Managers from across the Authority. This Group discusses SHE issues, addresses areas of concern, and oversees development of policy and procedures.

The focus of this Group continues to be on behavioural safety and the challenges of working collaboratively across the Authority and with contractors to ensure a consistent application of our high standards. To add impetus to this a Safety Culture Steering Group consisting of individuals from all levels across the business helps the Authority drive towards its safety vision of: working together to understand and manage our health and safety risks; taking positive action to protect the wellbeing of the public, our partners and our people and managing health and safety with pride.

During the year, the Authority has completed its programme of active and reactive monitoring and undertaken internal audits of its health and safety and environmental management systems. The findings from these have been used to update and improve policies and procedures. In addition, an external audit was completed by the British Safety Council, resulting in a score of four stars (89.13%), which is rated as very good and an improvement on the previous three star rating.

2. Board Performance

Compliance with the Corporate Governance Code

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

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

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

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

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

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

Board Performance and Effectiveness Review

The Board meets to review its performance annually. The Board assessed its performance during March 2014 by way of considering its progress against its annual objectives. These focussed on how the Board behaves to support the ELT in achieving the objectives of the Authority and were concerned with:

- Improving ambassadorship by each director and stakeholder relationships;
- Providing challenge;
- Providing support;
- Achieving great people development;
- Achieving high class communication.

The Board considers that it has effectively exhibited these important behaviours.

The previous Board effectiveness review was undertaken 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. These characteristics have continued to be exhibited through subsequent meetings during 2013–14.

Overall the Board considers that it has continued to make significant progress. In order to further improve performance the Board has set out its key objectives in 2014–15. These continue to focus on the areas outlined above and require the Board to manage the key strategic risks outlined below.

3. Risk

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

Risk Appetite

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

During the year the Board reviewed and confirmed its risk appetite. This followed an exercise during the previous year facilitated by our Internal Auditors, PwC, to enable the Board to better articulate its risk appetite by each area of the business. This has allowed us to adopt a common language across the Authority and develop a framework under which managers can confidently make risk based decisions.

Work continues to increase understanding of this framework across the business. One example of this is a series of workshops held with Authority teams facilitated by our internal auditors to further explain risk appetite and apply it to real life risks and current situations being managed. The Board's risk appetite is becoming explicitly referenced more often in operational decision making. Business cases are designed so that any financial decision has to be expressed in the context of risk appetite. Board papers continue to also reference risk appetite. We continue to use the language adopted by the Board in ongoing risk management conversations with teams and individuals.

Embedded Risk Management

As outlined, the Board discusses key business issues and has good visibility of opportunities and barriers to meeting objectives. Key risks against achievement of objectives are considered at each Board meeting and all projects reported with a risk indicator. The Audit Committee receives a risk report focussing on updates at every meeting. The 2018 Steering group (formerly SMT) considers strategy and risks together.

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. The risk register is subject to ongoing ELT review, challenge and update.

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

Coal Authority Risk Assessment

The Authority's primary risks relate to its ability to enhance its capability, prioritise effectively, and possible changes in Government policy.

Government Policy

There is a risk that a Government policy change could compromise the Authority's achievement of its plan. Our information strategy, commercialisation, overall budget and headcount could be restricted if policy changes.

For instance, despite achieving very significant efficiency savings throughout the business since Spending Review 2010, as outlined in the Financial Review, any further reductions to administration expenditure will compromise the back office functions' ability to support a business plan that is designed to reduce the Authority's burden on the taxpayer over the medium term.

Ongoing stakeholder management is essential in order to, at least in part, manage this risk. The Authority places importance on clear communication with its stakeholders including with its parent Department, DECC, to explain its plans and outline risks and issues. Senior DECC officials and the Minister have expressed support for the Authority's strategy to become increasingly self-sufficient. Cabinet Office feedback following the first stage of the ongoing triennial review has been equally positive.

Effective Prioritisation

As the Authority seeks commercial opportunities as well as delivering its core activities the risk of stretched resources failing to deliver projects in line with expectation will increase should controls to ensure effective prioritisation not be strengthened.

To ensure effective prioritisation on an ongoing basis a Project Management Office has been formed to improve portfolio, programme and project management skills across the organisation. Its objectives include ensuring clear ownership and better prioritisation of projects as well as facilitating improved resource allocation and earlier understanding of delivery risks. In addition, as outlined earlier in this report, the 2018 Steering Group will closely monitor progress, identify barriers to success, and provide support in managing these.

The Authority's strategy is ambitious and the Board are acutely aware of the need to carefully balance priorities to ensure that the Authority continues to develop its capability for the future as well as delivering today's core activity. The Board will continue to provide challenge to ensure that plans are achievable and the right projects are pursued.

Capability

Ensuring that the Authority has the right capability going forward to meet its objectives will remain a key challenge over the coming period. As outlined elsewhere in the Annual Report and Accounts, the Authority's business strategy contains three strands; as well as delivering our core activities we need to also focus on continuous improvement and innovation, and business development. There are inherent risks within this plan that require the Authority to develop its culture, capacity and competence in these areas.

This is recognised and measures are in place to manage and mitigate these risks. As highlighted earlier in this report, the Board and ELT are focussed on ensuring that gaps in capability are identified and addressed. Key roles have been recruited during the past year to begin to do this in areas such as business development, contract management and research and development.

Organisational design will continue to evolve to ensure that the Authority becomes increasingly agile and able to maximise commercial opportunities. Performance continues to be closely managed so that competencies are developed in line to support the business strategy. It is also necessary to ensure that the Authority retains the key and unique expertise that it already has. This has led to a focus on knowledge management and succession planning.

Changing Control Environment

As the Authority continues to transform, it is important that we ensure the control environment remains current and effective. There is a risk that a lag may develop between organisational change and appropriate updates to the control environment.

The control environment is constantly monitored and will continue to be well maintained. New risk management processes will be implemented over the forthcoming year to support the commercialisation of the Authority. Examples of this include processes to ensure that the risk and reward of commercial opportunities are consistently and properly assessed, improved commercial management to ensure that commercial risk is managed adequately, and improved quality systems to ensure that work done for clients meets consistent standards.

Information Risk

The Authority has continued to operate under its risk management policy during the year and I am not aware of any material breaches of security or policy or any loss of personal protected information during the year.

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

The Authority has an appropriate Information Risk Management Policy. Staff continue to be trained annually in information handling to ensure all have appropriate levels of knowledge. Information assets are recorded on a register and a risk assessment against each asset has been undertaken by the Information Asset Owners during the year. The Senior Information Risk Owner (the Director of Finance and Corporate Services) is a Board member and works with the Departmental Security Officer (the Head of ICT) and others to ensure that proportionate controls are implemented to manage these risks in line with the Board's Risk Appetite.

During July 2013, the Authority undertook an Information Assurance Maturity Model (IAMM) self-assessment assisted by CESG. This assessment rates information assurance maturity across six areas scoring them from zero to five. The Authority achieved a level two rating across all areas, in line with expectation and a significant improvement on the Authority's initial assessment during 2012 at which we scored at around 90% of the level one requirement. This reflects improvements that have been made in policies and processes to manage information risk in line with HMG good practice.

It is considered that a level two achievement represents a proportionate response to the Authority's gross information risk.

Operational Risks

We continue to manage specific risks in line with our public duties that have a residual high risk rating as defined by our risk matrix. High ranking operational risks include:

The Authority incurs liabilities if an operator ceases to trade and security is insufficient: the Authority continues to work closely with DECC to monitor and manage this situation;

- Past coal mining causes a surface hazard which leads to an injury or financial loss: We continue to inspect our property and communicate issues to landowners;
- Reputational damage from specific water management issues through failure of key projects or lack of a communication strategy: There is a prioritised programme and projects are being delivered. Processes and controls within the Environment team are under review as new contracts to provide mine water design, build and operation are procured.

Effectiveness of Control Environment

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control has been in place in the Authority for the year ended 31 March 2014 and, as illustrated, up to the date of approval of the annual report and accounts, accords with HMT guidance.

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

P J Lawrence
Member, Chief Executive and Accounting Officer

17 June 2014

Treated mine water at Bates, North East

Horden mine water treatment scheme, North East

Financial Statements

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

I certify that I have audited the financial statements of the Coal Authority for the year ended 31 March 2014 under the Coal Industry Act 1994. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Coal Authority, Chief Executive and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Coal Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Coal Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Coal Authority's affairs as at 31 March 2014 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Coal Industry Act 1994 and Secretary of State directions issued thereunder.

Emphasis of matter

Without qualifying my opinion I draw attention to the disclosures made in Note 15 concerning the uncertainties in the likely costs in respect of the Coal Authority's liabilities for Mine Water Treatment, Public Safety and Subsidence Claims, Subsidence Pumping Stations and Tip Management totalling £1,053.0 million. It is not possible to quantify with certainty the settlement of these liabilities or the impact on the Coal Authority's future financial results.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Coal Industry Act 1994; and
- the information given in the Strategic Report on Activities Undertaken and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General   Date 19 June 2014
National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Comprehensive Net Expenditure

Year Ended 31 March 2014

	Note	2013–14 £000	2012–13 £000
Programme expenditure			
Staff costs	3	5,287	4,226
Programme costs[1]	4	30,673	186,965
Income	6	(17,256)	(16,765)
Net programme expenditure		**18,704**	**174,426**
Administration expenditure			
Staff costs	3	2,269	2,229
Administration costs	5	2,399	3,146
Income	6	(316)	(317)
Net administration expenditure		**4,352**	**5,058**
Net expenditure		**23,056**	**179,484**
Taxation	7	–	–
Net expenditure after tax		**23,056**	**179,484**
Other comprehensive expenditure			
Net gain on revaluation of property, plant and equipment	8	(691)	(2,618)
Total comprehensive expenditure		**22,365**	**176,866**

The Statement of Comprehensive Net Expenditure and supporting Notes 2 to 6 have been prepared and presented in accordance with the guidelines provided by HM Treasury's Financial Reporting Manual (FReM) for 2013–14, analysing net expenditure between programme and administration. Prior year comparatives have been re-presented in response to the change in reporting requirements.

Further analysis is provided in Notes 2, 4 and 15.

Notes on pages 56 to 87 form part of these accounts.

1 Programme costs exclude an additional £17,378,000 of operating expenditure that has been incurred during the year (2012–13: £19,725,000). This is not included within the Statement of Comprehensive Net Expenditure as it is fully off-set by the provisions utilised, illustrating that the Authority's expenditure incurred within the period has been provided for in prior years. Programme costs include other non-cash adjustments to provisions £16,378,000 (2012–13: £175,725,000).

Statement of Financial Position

31 March 2014

	Note	2014 £000	2013 £000
Non-current assets:			
Property, plant and equipment	8	87,879	84,550
Investment property	9	580	626
Intangible assets	10	4,778	5,972
Total non-current assets		93,237	91,148
Current assets:			
Assets classified as held for sale	9	71	50
Trade and other receivables	12	4,243	3,131
Cash and cash equivalents	13	7,615	4,692
Total current assets		11,929	7,873
Total assets		105,166	99,021
Current liabilities:			
Trade and other payables	14	(8,548)	(10,040)
Provisions	15	(24,226)	(23,658)
Total current liabilities		(32,774)	(33,698)
Non-current assets less net current liabilities		72,392	65,323
Non-current liabilities:			
Provisions	15	(1,041,774)	(1,043,342)
Other payables	14	(6,319)	(2,317)
Total non-current liabilities		(1,048,093)	(1,045,659)
Net liabilities		**(975,701)**	**(980,336)**
Taxpayers' equity			
General fund		(983,172)	(987,422)
Revaluation reserve		7,471	7,086
		(975,701)	**(980,336)**

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

Philip Lawrence
Chief Executive and Accounting Office
17 June 2014

Stephen Dingle
Chair
17 June 2014

Notes on pages 56 to 87 form part of these accounts.

Statement of Cash Flows

Year Ended 31 March 2014

	Note	2013–14 £000	2012–13 £000
Cash flows from operating activities			
Net expenditure		(23,056)	(179,484)
Depreciation, amortisation and devaluation of fixed assets	4,5	5,260	4,759
Profit on disposal of fixed assets	4,5,6	(2,045)	(3,325)
Devaluation of investment properties	4	25	416
(Increase)/decrease in trade and other receivables		(1,111)	1,140
Increase in trade and other payables		2,966	2,856
(Decrease)/increase in provisions		(1,000)	156,000
Net cash outflow from operating activities		(18,961)	(17,638)
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,351)	(5,269)
Purchase of intangible assets		(815)	(1,668)
Proceeds from sale of property, plant and equipment	4,6	2,050	4,210
Net cash outflow from investing activities		(5,116)	(2,727)
Cash flows from financing activities			
Grant in aid		27,000	24,000
Net financing		27,000	24,000
Net increase in cash and cash equivalents		**2,923**	**3,635**
Cash and cash equivalents at the beginning of the period		4,692	1,057
Cash and cash equivalents at the end of the period		7,615	4,692

Notes on pages 56 to 87 form part of these accounts.

Statement of Changes in Taxpayers' Equity

Year Ended 31 March 2014

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance as at 1 April 2012	**(832,230)**	**4,760**	**(827,470)**
Changes in taxpayers' equity for 2012–13			
Grant in aid funding – Capital	7,218	–	7,218
Grant in aid funding – Revenue	16,782	–	16,782
Transfers between reserves	292	(292)	–
Comprehensive expenditure for the year	(179,484)	2,618	(176,866)
Balance at 31 March 2013	**(987,422)**	**7,086**	**(980,336)**
Changes in taxpayers' equity for 2013–14			
Grant in aid funding – Capital	6,711	–	6,711
Grant in aid funding – Revenue	20,289	–	20,289
Transfers between reserves	306	(306)	–
Comprehensive expenditure for the year	(23,056)	691	(22,365)
Balance at 31 March 2014	**(983,172)**	**7,471**	**(975,701)**

Notes on pages 56 to 87 form part of these accounts.

Notes to the Accounts

Year Ended 31 March 2014

1. Statement of Accounting Policies

1.1 Basis of preparation

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

These financial statements have been prepared in accordance with the 2013–14 *Government Financial Reporting Manual (FReM*) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Accounting convention

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

1.3 Going concern

The Statement of Financial Position at 31 March 2014 shows net liabilities of £975.7 million. This reflects the inclusion of future expenditure for liabilities falling due in future years which cover periods of 50 and 100 years into the future. To the extent that they are not met from our other sources of income, they may only be met by future grants or grants in aid from our sponsoring department, DECC. This is because, under the normal conventions applying to Parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Paragraph 14(1) of Schedule 1 to the Coal Industry Act 1994 states:

"The Secretary of State shall, in respect of each accounting year, pay to the Authority such amount as he may determine to be the amount required by the Authority for the carrying out during that year of its functions under this Act".

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

1.4 Grant in aid

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

1.5 Programme and administration expenditure and income

The Statement of Comprehensive Net Expenditure is analysed between programme and administration expenditure and income. The classification of expenditure and income as programme or as administration follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HM Treasury.

1.6 Income and revenue recognition

Income

Income represents the amounts, exclusive of VAT, arising from lease/licences and invoiced sales of goods and services.

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

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

Operating lease income

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

Consolidated fund income

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

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

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

1.7 Staff costs

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

1.8 Pensions

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

1.9 Operating lease expenditure

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

1.10 Research and development

Research

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

Development

Expenditure is capitalised as an internally generated intangible asset only if all of the following criteria are met;

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and,
- the development cost of the asset can be measured reliably.

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

1.11 Taxation

VAT

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

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

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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

1.12 Assets and liabilities inherited from British Coal

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

1.13 Property, plant and equipment

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

Prior to 2012–13, with the exception of Head Office freehold land and buildings, property, plant and equipment was carried at modified historical cost as an estimate of fair value.

However, since 2012–13 the valuation of information technology, plant and machinery, furniture and fittings and subsidence pumping stations has been based on depreciated historic cost as a fair value proxy, with asset valuations as at 2011–12 being carried forward and depreciated over the assets' remaining useful economic life. Where a revaluation reserve exists against these assets, the balance is being depleted as the useful economic lives of assets are consumed, through a charge to the General Fund in Taxpayers' Equity.

This is in line with the FReM which provides the option to elect depreciated historic cost as a fair value proxy for assets that have short useful economic lives or low values.

During 2013–14 mine water schemes have been revalued using Modified Historical Cost Accounting (MHCA) due to the material nature of these revaluations.

MHCA is a basis of accounting in which fixed assets are recorded at their value to the business, usually current replacement cost. The Statement of Comprehensive Net Expenditure is charged with the proportion of the current cost of fixed assets consumed in the year. The revaluation of the assets to reflect their current value is performed by using price indices. These are obtained from the Office for National Statistics, which produce various monthly price indices for different types of assets. Any surplus arising on revaluation is recognised directly in a Revaluation Reserve within Taxpayers' Equity, except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in the Statement of Comprehensive Net Expenditure, in which case the credit is to the Statement of Comprehensive Net Expenditure.

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

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

Freehold land and buildings at the Authority's Head Office at Berry Hill, Mansfield are carried at fair value based on an external professional valuation that is undertaken every two years. The latest valuation was undertaken at the end of 2012–13 and the carrying value adjusted accordingly, with the next valuation scheduled to be undertaken at the end of 2014–15.

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

1.14 Depreciation

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

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

Subsidence pumping stations:	
Pumps	25 years
Electrical switch gear	15 years
Building structures	50 years
Weedscreen cleaner	20 years

Mine water schemes:	
Detail design and supervision	25 years
Building structures	50 years
Pumps and chemical dosing	10 years
Control systems	15 years
Telemetry	25 years
Power supply	50 years

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

1.15 Investment properties

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

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

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

1.16 Intangible assets

Expenditure on intangible assets consists of bespoke software development and other software licences and is capitalised where the cost is £2,000 or more. Intangible assets are reviewed annually for impairment and are carried at modified historic cost as a proxy for fair value.

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

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

1.17 Financial instruments

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

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

1.18 Security fund creditors

Payables include security fund creditors. Licensees of mining operations are required to provide security to the Authority to cover the potential future costs of settling subsidence damage liabilities within their areas of responsibility. One mechanism for providing security is by means of cash deposit. If the licensees fulfil their obligations, the deposits are returned, together with interest accrued under the terms of the lease/licence.

Deposits received are credited to a security fund creditor in order to recognise the Authority's liability to the licensees. Repayments of deposits or the costs of making mining properties secure on default of the licensee are provided from the grant in aid received. Interest payable on deposits is charged to the Statement of Comprehensive Net Expenditure as it accrues. The security fund creditor is reduced by security costs incurred each year or when repayments are made to the licensee.

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

1.19 Provisions

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

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

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

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

Where the time value of money is material, the Authority discounts each provision to its present value using the real discount rates as specified annually by HM Treasury. These rates are disclosed within the relevant Note to the Accounts.

Each year the financing charges in the Statement of Comprehensive Net Expenditure include the adjustments to unwind one year's discount so that liabilities are shown at current price levels.

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

Where cash expenditure is capitalised under the Fixed Asset policy, a matching provision is maintained so as to offset the carrying value of the asset. As the asset is utilised and depreciated, a matching entry is made to provisions to reflect the revised carrying value of the asset, crediting the Statement of Comprehensive Net Expenditure.

Specific provision periods have been established as follows;

Mine water schemes	100 years
Subsidence pumping stations	100 years
Subsidence damage liabilities	50 years
Surface hazard treatment	50 years
Tip maintenance	50 years

Obligations under Other Liabilities are provided for on a specific basis where timeframes are certain and known.

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

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

1.20 Contingent assets and liabilities

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

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

1.21 Accounting judgements, estimates and assumptions

In relation to provisions, to the extent that it is sometimes impracticable to disclose the full extent of the possible effects of assumptions or management estimate at the end of a reporting period, based on the best existing knowledge at the time, it is reasonably possible that outcomes for the next accounting period could require material adjustments to the provisions balances.

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

1.22 New standards, amendments and interpretations not yet effective

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

- IFRS 13 "Fair Value Measurement" defines fair value, provides a framework for measuring fair value and sets out the disclosure requirements for fair value measurements. The effective date is for periods commencing on or after 1 January 2013. FReM application from 2015–16, subject to further review by HM Treasury and other relevant Authorities following the consultation which took place in 2013. The Directors do not believe there will be any significant impact on the Authority.

2. Statement of Operating Costs by Operating Segments

The following analysis by operating segment of gross expenditure, income, net income/expenditure and total assets are stated below in accordance with IFRS8.

2013–14	Information	Public Safety	Environment	Total
	£000	£000	£000	£000
Expenditure incurred during the year	5,316	16,496	19,816	41,628
Less provision utilised	–	(6,840)	(10,538)	(17,378)
Adjustment to provisions	–	6,878	9,500	16,378
Gross expenditure	5,316	16,534	18,778	40,628
Income	(10,054)	(1,165)	(6,353)	(17,572)
Net (income)/expenditure	(4,738)	15,369	12,425	23,056
Total assets	6,511	8,404	90,251	105,166
Memo: Net (income)/expenditure excluding provisions movements	(4,738)	15,331	13,463	24,056

2012–13	Information	Public Safety	Environment	Total
	£000	£000	£000	£000
Expenditure incurred during the year	6,065	15,764	18,737	40,566
Less provision utilised	–	(10,070)	(9,655)	(19,725)
Adjustment to provisions	–	27,979	147,746	175,725
Gross expenditure	6,065	33,673	156,828	196,566
Income	(8,578)	(996)	(7,508)	(17,082)
Net (income)/expenditure	(2,513)	32,677	149,320	179,484
Total assets	8,088	5,733	85,200	99,021
Memo: Net (income)/expenditure excluding provisions movements	(2,513)	14,768	11,229	23,484

The Statement of Comprehensive Net Expenditure has been prepared and presented in accordance with the guidelines provided by HM Treasury's Financial Reporting Manual (FReM) revised for 2013–14. The main impact of the presentational change has been to classify interest, specifically the unwinding of discount on provisions, within net expenditure. Prior year comparatives have been represented in response to the change in reporting requirements.

Segmental Analysis

The reported segments as analysed above are consistent with the Authority's organisational structure and the management information used by the Authority's management team for the period reported. Prior year comparatives have been re-presented to ensure consistency with the current year.

Information covers the maintenance of mining records and the provision of mining and environmental reports. The provision of Public Task products and services by Information is made at full cost recovery. Information also undertakes commercial services, including the provision of environmental information products, which are charged at a commercial rate.

The most significant customer within Information is TM Property Searches Ltd generating income of £1.1 million for 2013–14 (2012–13: MDA Hub Ltd £0.7 million), which accounts for 6.9% (2012–13: 5.2%) of income from activities.

Public Safety covers subsidence, surface hazards and tip management operations, as well as planning, licensing and permissions activities. Other than the element retained to finance licensing activities, royalties and mining income are surrendered to the HM Treasury Consolidated Fund when received.

Environment covers projects for mine water operations and subsidence pumping schemes as well as incorporating the management of estates. Within Environment total assets, investment properties valued at £71,000 have been identified as being held for sale (2013: £50,000).

The most significant customer within Environment is Defra. Income of £4.1 million for 2013–14 (2012–13: £3.2 million) was earned for the provision of environmental technical services in respect of the treatment of non coal mine water. Work undertaken for Defra is done so at cost plus an allowance for overhead recovery. This accounts for 26.5% (2013–12: 24.8%) of income from activities.

Managing Public Money

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

An analysis of net income/expenditure under these principles would differ from those presented in the table above. This is due to expenditure associated with specific programmes or activities, that is managed and reported under the Public Safety segment, but relates to the enhancement of data and information.

Applying these allowable cost allocations to the Information segment would result in incremental expenditure of £2,063,000 (2012–13: £1,953,000), adjusting net income to £2,675,000 (2012–13: £560,000).

3. Staff Numbers and Related Costs

Staff costs comprise:

			2013–14			2012–13
	Staff	Other	Total	Staff	Other	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	5,193	–	5,193	4,694	–	4,694
Social security costs	451	–	451	411	–	411
Other pension costs	920	–	920	865	–	865
Agency staff costs	–	992	992	–	485	485
Staff costs	**6,564**	**992**	**7,556**	**5,970**	**485**	**6,455**

£4,000 of staff costs were charged to capital projects during 2013–14 (2012–13: £93,000).

Analysis of staff costs by programme and administration:

			2013–14			2012–13
	Staff	Other	Total	Staff	Other	Total
	£000	£000	£000	£000	£000	£000
Programme	4,526	761	5,287	3,888	338	4,226
Administration	2,038	231	2,269	2,082	147	2,229
Staff costs	**6,564**	**992**	**7,556**	**5,970**	**485**	**6,455**

Prior year figures have been provided for the purpose of comparability.

Average number of persons employed:

			2013–14			2012–13
	Staff	Other	Total	Staff	Other	Total
	No.	No.	No.	No.	No.	No.
Information	20	–	20	20	1	21
Public Safety	56	3	59	57	5	62
Environment	20	8	28	18	1	19
Programme	96	11	107	95	7	102
Administration	47	5	52	41	8	49
Staff numbers	**143**	**16**	**159**	**136**	**15**	**151**

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

0.1 full time equivalent persons were charged to capital projects during 2013–14 (2012–13: 1.8).

Pensions

All employees of the Authority are members of one of the Principal Civil Service Pension Schemes (PCSPS) for the year ended 31 March 2014.

The PCSPS is an unfunded multi-employer defined benefit scheme and the Authority is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2013–14, employers' contributions of £920,000 were payable to the PCSPS (2012–13: £865,000) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2012–13 and will remain unchanged until 2014–15. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. No Authority employees have opted for a partnership pension account.

No persons retired early on ill-health grounds during 2013–14 (2012–13: No persons), therefore there are no additional accrued pension liabilities in the year (2012–13: nil).

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pension Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for **classic** and 3.5% and 8.25% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2014. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The accrued pension quoted, is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

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

3.1 Reporting of Civil Service and Other Compensation Schemes – Exit Packages

During 2010–11 redundancy and other departure costs of £1,852,000 were accrued in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs were accounted for in full following a period of consultation and where there was certainty over the amounts to be paid and agreed exit dates. Where the Authority agreed early retirements, the additional costs were met by the Authority and not by the Civil Service pension scheme.

Payments of £207,000 were made during 2013–14, being the final payments to be made under the 2010–11 compensation scheme.

There has been no further compensation schemes accrued for the year ended 31 March 2014 (2013: nil).

3.2 Reporting of High Paid Off-Payroll Appointments

Off-payroll engagements as of 31 March 2014, for more than £220 per day and that last for longer than six months:

	No.
Existing engagements as of 31 March 2014	**9**
Of which existed for;	
less than one year	4
between one and two years	4
between two and three years	–
between three and four years	–
four or more years	1

New off-payroll engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014, for more than £220 per day and that last for longer than six months:

	No.
New engagements, or those that reached six months in duration between 1 April 2013 and 31 March 2014	**5**
Of which include contractual clauses giving the right to request assurance in relation to income tax and national insurance obligations	5
For whom assurance has been requested	5
of which for whom;	
assurance has been received	5
assurance has not been received	–
Terminations as a result of assurance not being received	–

4. Programme Costs

	Note		2013–14		2012–13
		£000	£000	£000	£000
Operating leases:					
Equipment		119		110	
Land and buildings		171		167	
			290		277
Supplies and services:					
Expenditure incurred during the year		26,443		25,213	
Less provision utilised	15	(17,378)		(19,725)	
			9,065		5,488
Research and development			326		298
Travel and subsistence			197		132
(Profit)/loss on disposal of assets			(80)		795
Interest payable			17		–
Non-cash items:					
Adjustment to provisions;					
Additional year (50th/100th)	15	4,657		4,666	
Release to offset depreciation	15	(2,546)		(2,372)	
Utilised against capital expenditure	15	(4,331)		(4,793)	
Created/(released)	15	7,356		159,613	
Unwinding of discount	15	11,242		18,611	
			16,378		175,725
Depreciation and amortisation;					
Property, plant and equipment	8	2,889		2,666	
Intangibles	10	1,571		1,187	
			4,460		3,853
(Revaluation)/Devaluation;					
Property, plant and equipment	8	(5)		(19)	
Investment properties	9	25		416	
			20		397
Programme costs			**30,673**		**186,965**

Programme costs are those incurred by the Authority's operational areas for Information, Public Safety and Environment.

Profit/(loss) on disposal of property, plant and equipment:

	2013–14	2012–13
	£000	£000
Proceeds from sale of assets	81	–
Book values	(1)	(795)
Profit/(loss) on disposal	**80**	**(795)**

2012–13 book values of £795,000 relate to certain mine water scheme fixed assets that were written off following an impairment review during the year.

5. Administration Costs

	Note	2013–14		2012–13	
		£000	£000	£000	£000
Operating Leases:					
Equipment			7		3
Supplies and services:					
Expenditure incurred during the year			925		1,678
Head office costs			529		426
Travel and subsistence			87		58
Audit remuneration			42		43
Loss on disposal of assets			4		1
Interest payable			–		12
Non-cash items:					
Depreciation and amortisation;					
Property, plant and equipment	8	742		835	
Intangibles	10	63		90	
			805		925
Administration costs			**2,399**		**3,146**

Administration costs consist of the provision of management, support services and office accommodation required to undertake the Authority's programmes.

Profit/(loss) on disposal of property, plant and equipment:

	2013–14	2012–13
	£000	£000
Proceeds from sale of assets	–	–
Book values	(4)	(1)
Loss on disposal	**(4)**	**(1)**

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6. Income

6.1 Programme Income

	2013–14 £000	2012–13 £000
Mining reports	9,797	8,383
Licensing	547	616
Permissions indemnities	393	300
Environmental technical services	4,142	3,208
Other services	391	106
Income from activities	**15,270**	**12,613**
Profit on disposal of property, plant and equipment	1,969	4,121
Interest receivable	17	31
Programme income	**17,256**	**16,765**

Profit on disposal of property, plant and equipment:

	2013–14 £000	2012–13 £000
Proceeds from sale of investment properties	269	10
Proceeds from clawback	1,700	4,200
Total proceeds	1,969	4,210
Book values	–	(89)
Profit on disposal	**1,969**	**4,121**

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

6.2 Administration Income

	2013–14 £000	2012–13 £000
Head Office rental and other income	271	297
Other services	45	20
Administration income	**316**	**317**

6.3 Consolidated Fund Income

Income shown in Notes 6.1 and 6.2 above does not include any amounts collected by the Authority where it was acting as agent for the consolidated fund rather than as principal. The amounts collected as agent for the consolidated fund were:

		2013–14		2012–13
	£000	£000	£000	£000
Production related rent (gross)	823		958	
Cost of collection	(120)		(162)	
Production related rent (net)		703		796
Incidental coal (gross)	61		34	
Cost of collection	–		(25)	
Incidental coal (net)		61		9
Options for lease		33		45
Property sale proceeds		–		75
Income payable to the consolidated fund		**797**		**925**

	2013–14	2012–13
	£000	£000
Balances held at start of year	**260**	**162**
Payments to the consolidated fund	(860)	(827)
Income payable to the consolidated fund	797	925
Balances held at end of year	**197**	**260**

Production related rent relates to coal production rent and is earned on each tonne of coal extracted from existing operating coal mining sites. Incidental coal is royalty income from other sites where coal production is incidental to the main purpose of the activity being carried out.

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

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

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

Balances held at end of year represent amounts still to be remitted to the consolidated fund as they relate to trade debtors and accrued income.

Consolidated fund payments made within the year amount to £860,000, being collections of £251,000 relating to 2012–13 and £609,000 from 2013–14.

7. Taxation

	2013–14 £000	2012–13 £000
Current tax	–	–
Deferred tax	–	–

Corporation tax is calculated at 23% (2012–13: 24%) of the estimated assessable profit for the year.

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

	2013–14 £000	2012–13 £000
Net expenditure after interest	(23,056)	(179,484)
Tax at the UK corporation tax rate of 23% (24%)	(5,303)	(43,076)
Tax effect of expenses that are not deductible in determining taxable profit	820	951
Tax effect of temporary differences on property plant and equipment	(66)	(534)
Tax effect of utilisation of losses not previously recognised	–	249
Tax effect of temporary differences not recognised	(276)	37,347
Tax effect of losses arising in period not recognised	158	1,035
Tax effect of grant in aid finance for revenue purposes	4,667	4,028
Tax expense for the year	–	–

The following are the major deferred tax liabilities and assets:

	Recognised at 31 March		Unrecognised at 31 March	
	2014 £000	2013 £000	2014 £000	2013 £000
Tax losses	(1,319)	(1,593)	(5,278)	(5,880)
Temporary differences regarding tax relief for provisions	–	–	(213,200)	(245,410)
Property, plant and equipment	1,268	1,552	–	–
Revaluation of assets	51	41	–	–
Total	–	–	**(218,478)**	**(251,290)**

No deferred tax asset has been recognised on excess carried forward tax losses of £26.4 million due to the unpredictability of future profit streams against which the unused losses can be offset. The losses may be carried forward indefinitely.

Deferred tax has also not been recognised in respect of temporary differences arising on taxed reserves. Reserves totalling £1,066.0 million at 31 March 2014 will be deductible when the expenditure is charged against the provision in later periods.

The main rate of Corporation Tax reduced to 21% with effect from 1 April 2014 and will reduce further to 20% from 1 April 2015. These rate reductions were substantively enacted in July 2013 and the 20% rate has therefore been reflected in the Statement of Financial Position in the calculation of deferred tax.

8. Property, Plant and Equipment

	Land	Buildings	Information Technology	Plant and Machinery	Furniture and Fittings	Mine Water Schemes	Subsidence Pumping Stations	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2013	3,435	2,649	5,031	779	585	78,318	7,554	6,087	104,438
Additions	10	566	112	209	37	3,673	60	1,602	6,269
Reclassifications	–	98	126	10	–	4,227	–	(4,461)	–
Disposals	–	–	(287)	(6)	(17)	(14)	–	–	(324)
Revaluations	–	–	–	–	–	971	–	–	971
At 31 March 2014	3,445	3,313	4,982	992	605	87,175	7,614	3,228	111,354
Depreciation									
At 1 April 2013	–	–	3,641	335	564	14,151	1,197	–	19,888
Charged in year	–	89	608	121	26	2,571	216	–	3,631
Reclassifications	–	–	–	–	–	–	–	–	–
Disposals	–	–	(284)	(6)	(17)	(12)	–	–	(319)
Revaluations	–	–	–	–	–	275	–	–	275
At 31 March 2014	–	89	3,965	450	573	16,985	1,413	–	23,475
Net Book Value at 31 March 2014	**3,445**	**3,224**	**1,017**	**542**	**32**	**70,190**	**6,201**	**3,228**	**87,879**
Net Book Value at 31 March 2013	3,435	2,649	1,390	444	21	64,167	6,357	6,087	84,550

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

A valuation was undertaken of the Head Office land and buildings by external Chartered Surveyors (Lambert Smith Hampton, a multi-disciplinary chartered surveying practice) based on existing use value as at 31 March 2013 in accordance with RICs guidelines. Valuations are undertaken every 2 years, with the next to be completed as at 31 March 2015.

Mine water treatment schemes have been revalued using appropriate indices provided by the Office for National Statistics in line with the Authority's accounting policies outlined in Note 1.13.

Assets under construction consist predominantly of cost incurred on the development, construction or refurbishment of mine water treatment schemes.

	Land	Buildings	Information Technology	Plant and Machinery	Furniture and Fittings	Mine Water Schemes	Subsidence Pumping Stations	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2012	3,413	4,070	5,804	774	594	74,527	7,474	3,805	100,461
Additions	22	–	147	24	–	1,737	80	3,973	5,983
Reclassifications	–	–	57	–	–	1,634	–	(1,691)	–
Disposals	–	–	(977)	(19)	(9)	(3,401)	–	–	(4,406)
Revaluations	–	(1,421)	–	–	–	3,821	–	–	2,400
At 31 March 2013	3,435	2,649	5,031	779	585	78,318	7,554	6,087	104,438
Depreciation									
At 1 April 2012	–	779	3,947	246	519	13,754	989	–	20,234
Charged in year	–	82	670	108	54	2,379	208	–	3,501
Reclassifications	–	–	–	–	–	–	–	–	–
Disposals	–	–	(976)	(19)	(9)	(2,606)	–	–	(3,610)
Revaluations	–	(861)	–	–	–	624	–	–	(237)
At 31 March 2013	–	–	3,641	335	564	14,151	1,197	–	19,888
Net Book Value at 31 March 2013	**3,435**	**2,649**	**1,390**	**444**	**21**	**64,167**	**6,357**	**6,087**	**84,550**
Net Book Value at 31 March 2012	3,413	3,291	1,857	528	75	60,773	6,485	3,805	80,227

9. Investment Properties

	Land £000	Buildings £000	Total £000
Fair value			
At 1 April 2013	666	10	676
Disposals	–	–	–
Transfers	(39)	39	–
Revaluations	(31)	6	(25)
Net Book Value at 31 March 2014	**596**	**55**	**651**
Net Book Value at 31 March 2013	666	10	676

The Authority owns all of its investment properties.

As part of a rolling programme, to ensure that all investment properties are subject to an external valuation every five years, 16 properties representing approximately 9% of the property portfolio by value, were valued as at 31 March 2014 in accordance with RIC's guidelines, by external Chartered Surveyors, with services being provided by the District Valuation Office. This builds on the valuations undertaken during 2013, when 11 properties, representing approximately 73% of the property portfolio by value, were valued by Smith's Gore and Guy Rusling.

All investment properties that haven't been subject to an external valuation during the year have been subject to an internal valuation, undertaken by Phil Brandreth FRICS, Coal Authority Property Manager. Internal valuations have been established using appropriate property indices to reflect the movement in the property market over the previous year.

Under the rolling programme there are currently 36 investment properties that will be subject to external valuations over the next three years.

As at 31 March 2014 certain properties valued at £71,000 have been identified as being held for sale (2013: £50,000).

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

	Land £000	Buildings £000	Total £000
Fair value			
At 1 April 2012	1,082	99	1,181
Disposals	–	(89)	(89)
Transfers	–	–	–
Revaluations	(416)	–	(416)
Net Book Value at 31 March 2013	**666**	**10**	**676**
Net Book Value at 31 March 2012	1,082	99	1,181

10. Intangible Assets

	Information Technology	Software Licences	Assets Under Construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2013	17,331	1,351	318	19,000
Additions	150	22	268	440
Reclassifications	313	–	(313)	–
Disposals	(15)	(4)	–	(19)
At 31 March 2014	17,779	1,369	273	19,421
Amortisation				
At 1 April 2013	12,274	754	–	13,028
Charged in year	1,357	277	–	1,634
Disposals	(15)	(4)	–	(19)
At 31 March 2014	13,616	1,027	–	14,643
Net Book Value at 31 March 2014	**4,163**	**342**	**273**	**4,778**
Net Book Value at 31 March 2013	5,057	597	318	5,972

The Authority owns all of its intangible assets.

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

Amortisation of information technology and software licences is charged to both programme and administration costs.

	Information Technology	Software Licences	Assets Under Construction	Total
		£000	£000	£000
Cost or valuation				
At 1 April 2012	17,783	1,252	747	19,782
Additions	1,047	99	89	1,235
Reclassifications	518	–	(518)	–
Disposals	(2,017)	–	–	(2,017)
At 31 March 2013	17,331	1,351	318	19,000
Amortisation				
At 1 April 2012	13,278	490	–	13,768
Charged in year	1,013	264	–	1,277
Disposals	(2,017)	–	–	(2,017)
At 31 March 2013	12,274	754	–	13,028
Net Book Value at 31 March 2013	**5,057**	**597**	**318**	**5,972**
Net Book Value at 31 March 2012	4,505	762	747	6,014

Prior years comparatives presented above have been re-allocated to be consistent for both years.

11. Financial Instruments

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

12. Trade Receivables and Other Current Assets

Amounts falling due within one year:

	2014 £000	2013 £000
VAT	764	702
Trade receivables	400	491
Other receivables	5	5
Prepayments and accrued income	3,074	1,933
Total debtors at 31 March	**4,243**	**3,131**

Intra-Government balances are analysed below:

	2014 £000	2013 £000
Balances with other central Government bodies	1,115	738
Balances with Local Authorities	341	358
Balances with NHS bodies	75	–
Subtotal: Intra Government balances	1,531	1,096
Balances with bodies external to Government	2,712	2,035
Total debtors at 31 March	**4,243**	**3,131**

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

13. Cash and Cash Equivalents

	2014 £000	2013 £000
Balance at 1 April	4,692	1,057
Net change in cash and cash equivalent balances	2,923	3,635
Balance at 31 March	**7,615**	**4,692**
The following balances were held at:		
Government Banking Services	7,615	4,691
Cash in hand	–	1
Balance at 31 March	**7,615**	**4,692**

Cash balances incorporate £4,885,000 of ring fenced funds held in a separate account. These ring fenced funds represent receipts from UK Coal Operations Ltd following disclaiming the lease/licence for Daw Mill Colliery and from bond providers following the liquidation of ATH Resources PLC and Scottish Coal Company Ltd, off-set by the settlement of debts and expenditure incurred to date in the settlement of liabilities. Balances are to remain ring fenced until such time that all future liabilities are settled.

14. Trade Payables and Other Liabilities

Amounts falling due within one year:

	2014 £000	2013 £000
Other taxation and social security	245	223
Trade payables	384	1,270
Amounts payable to Government	197	260
Security fund payables	196	242
Liabilities in relation to called-in security	1,039	–
Accruals and deferred income	6,487	8,045
Total creditors at 31 March	**8,548**	**10,040**

The amounts payable to Government represent amounts still to be remitted to the consolidated fund once trade receivables of £124,000 (2013: £141,000) and accrued income of £73,000 (2013: £119,000), in relation to licensing activities have been collected.

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

Liabilities in relation to called-in security are in respect of the settlement of future subsidence claims following UK Coal Operations Ltd disclaiming the lease/licence for Daw Mill Colliery.

There are no remaining compensation scheme exit packages provided for under accruals and deferred income (2013: £207,000).

Prior years comparatives presented above have been re-allocated to be consistent for both years.

Intra-Government balances are analysed below:

	2014 £000	2013 £000
Balances with other central Government bodies	626	1,043
Balances with Local Authorities	–	48
Balances with NHS bodies	20	–
Subtotal: Intra Government balances	646	1,091
Balances with bodies external to Government	7,902	8,949
Total creditors at 31 March	**8,548**	**10,040**

Amounts falling due after more than one year:

	2014 £000	2013 £000
Security fund payables:		
In more than one year, but not more than two years	58	56
In more than two years, but not more than five years	284	308
In more than five years	2,131	1,953
	2,473	2,317
Liabilities in relation to called-in security:		
In more than one year, but not more than two years	2,000	–
In more than two years, but not more than five years	261	–
In more than five years	1,585	–
	3,846	–
Total creditors at 31 March	**6,319**	**2,317**

There are no Intra-Government balances falling due after more than one year.

Liabilities in relation to called-in security are in respect of the settlement of future subsidence claims following UK Coal Operations Ltd disclaiming the lease/licence for Daw Mill Colliery and in respect of costs expected to be incurred following the liquidation of ATH Resources PLC and Scottish Coal Company Ltd.

Where cash has been received from bond providers, any unutilised amounts, following the settlement of all future liabilities, will remain payable to the respective bond provider.

Analysis of movements on security fund payables:

	2014 £000	2013 £000
Opening balance – falling due within one year	242	127
Opening balance – falling due after more than one year	2,317	2,324
Opening balance	2,559	2,451
Invoiced and cash receipts	124	223
Interest payable	17	12
Repayments	(21)	(127)
Utilisation	(10)	–
Movements during the year	110	108
Closing balance – falling due within one year	196	242
Closing balance – falling due after more than one year	2,473	2,317
Closing balance	**2,669**	**2,559**

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

	2014 £000	2013 £000
Opening balance – falling due within one year	–	–
Opening balance – falling due after more than one year	–	–
Opening balance	–	–
Cash receipts	5,745	–
Repayments	(30)	–
Utilisation	(830)	–
Movements during the year	4,885	–
Closing balance – falling due within one year	1,039	–
Closing balance – falling due after more than one year	3,846	–
Closing balance	**4,885**	**–**

15. Provisions for Liabilities and Charges

	At 31 March 2013	Additional Year (100th, 50th)	Utilised against Operating Spend	Released to offset Depreciation	Utilised against Capital Spend	Created/ (Released)	Unwinding of Discount	At 31 March 2014
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Mine Water	700,000	1,638	(9,308)	(2,331)	(4,055)	5,533	7,523	699,000
Public Safety and Subsidence	245,000	2,580	(5,830)	–	–	826	2,424	245,000
Subsidence Pumping Stations	91,000	214	(596)	(215)	(60)	596	1,061	92,000
Tip Management	18,000	175	(400)	–	–	(956)	181	17,000
Sub Total	1,054,000	4,607	(16,134)	(2,546)	(4,115)	5,999	11,189	1,053,000
Other	13,000	50	(1,244)	–	(216)	1,357	53	13,000
Total	**1,067,000**	**4,657**	**(17,378)**	**(2,546)**	**(4,331)**	**7,356**	**11,242**	**1,066,000**

The provision for liabilities and charges at 31 March 2014 is £1,066.0 million (2013: £1,067.0 million). Forecast cash flows included within this provision before discounting amount to £2,158.0 million (2013: £2,161.0 million).

Movements in provisions are provided for in-line with accounting policies stated in Note 1.19.

In calculating each provision at its present value the real discount rates, including negative short and medium term rates for 2013–14, as specified by HM Treasury have been used:

Discount Rates	**2013–14**	**2012–13**
Short Term (0 – 5 years)	(1.90)%	(1.80)%
Medium Term (5 – 10 years)	(0.65)%	(1.00)%
Long term (exceeding 10 years)	2.20%	2.20%

The movement in the discount rate assumption between 2012–13 and 2013–14 has had the effect of decreasing total provisions by £4.2 million when applied to the latest forecast cash flows.

Other key assumptions and sensitivities in establishing the provisions at 31 March 2014 are explained below.

Mine Water

The provision relating to mine water treatment schemes is £699.0 million (2013: £700.0 million). The effect of the change in discount rates has been to decrease the provision by £2.7 million.

In order to comply with the EU Water Framework Directive (EUWFD), a strategy has been developed to design and build a further 45 schemes by 2027 to remediate existing pollution identified by the Environment Agency (EA) and SEPA. A further eight preventative schemes are programmed to be built to avoid new pollution based on scientific projections of water quality and levels. The provision against Mine Water treatment includes costs of £112.2 million (2013: £124.6 million), before discounting, against the commissioning and capital maintenance of these schemes. In addition, a refurbishment programme over the life of the provision is included at a cost of £322.4 million before discounting (2013: £325.5 million), having been incorporated into the balance for the first time last year.

The EUWFD includes the principle of disproportionate cost, and since 2010–11 this principle has been applied in assessing the viability of remedial schemes. Schemes will be deferred whilst new technologies are sought to build schemes for a cost in line with the benefits generated. Should such technology not become available these schemes may not be built and are therefore not provided for. Work with the EA and SEPA is ongoing to further understand the cost benefit ratio of the remedial schemes within the existing programme.

Operating costs, net of achieved and planned efficiency measures, have been modelled to reflect the new, varying types of scheme coming on line. Before discounting, total operating cashflows stand at £1,023.4 million (2013: £1,010.6 million).

The provision for Mine Water treatment is calculated over 100 years as scientists have concluded that the conditions for causing pollution will continue and there is no foreseeable option to dispense with treatment schemes. Beyond 100 years the inherent uncertainties to the future costs and timing of cashflows prevent provisions being made.

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

Public Safety and Subsidence

The provision relating to Public Safety and Subsidence activity is £245.0 million (2013: £245.0 million). The effect of the change in discount rates has been to decrease the provision by £1.0 million.

Subsidence provisions relate to the estimated cost of settlement of subsidence claims. The Authority has obligations under the 1994 Act and Subsidence Act 1991 to investigate and settle claims in respect of coal mining subsidence damage arising outside designated Areas of Responsibility associated with licences granted to coal mining operators.

Surface Hazards provisions relate to the costs of treating ground collapses, shaft collapses and other hazards relating to former coal mining activities. The Authority has obligations under the 1994 Act and Subsidence Act 1991 to investigate and treat hazards arising from coal and to have regard for public safety.

The estimate of costs included within the provision for investigating and treating claims, before discounting, is £7.4 million per annum (2013: £7.3 million per annum) and has been based on the historical normalised claims experience with the long term trend indicating that costs have stabilised. In addition, annual costs before discounting are included for the ongoing mine entry inspection programme that has been extended from 2017 through to 2019 at £0.6 million per annum (2013: £0.6 million) and re-inspection programme thereafter over the life of the provision at a cost of £0.3 million per annum (2013: £0.3 million).

The provision for Public Safety and Subsidence is calculated over 50 years as the Authority expects to settle subsidence claims and surface hazards for a considerable period of time as the conditions for subsidence and surface hazards will always be in existence. Inherent uncertainties for Public Safety & Subsidence are significantly higher than for Mine Water and Subsidence Pumping Stations, therefore beyond 50 years the future costs and timing of cashflows prevent provisions being made.

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

Subsidence Pumping Stations

The provision relating to Subsidence Pumping Stations is £92.0 million (2013: £91.0 million). The effect of the change in discount rates has been to decrease the provision by £0.3 million.

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

Estimates include the costs of a refurbishment programme which will be completed by 2030 at £27.3 million before discounting (2013: £27.4 million), but also reflects an estimate of the ongoing requirement to continue refurbishment beyond 2030 and into the foreseeable future. This programme extension has been incorporated at £1.2 million per annum, before discounting (2013: £1.2 million). In addition estimates include the cost of maintaining and operating these stations for the next 100 years at £0.6 million per annum before discounting (2013: £0.6 million).

The provision for Subsidence Pumping Stations is calculated over 100 years as scientific evidence indicates that due to the effects of subsidence certain pumping stations will be required for a considerable period of time. Beyond 100 years the inherent uncertainties to the future costs and timing of cashflows prevent provisions being made.

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

Tip Management

The provision relating to Tip Management is £17.0 million (2013: £18.0 million). The effect of the change in discount rates has been to decrease the provision by £0.1 million.

Tip Management is required as the Authority has obligations under the 1994 Act, the Mines and Quarries (Tips) Act 1969 and The Mines and Quarries (Tips) Regulations 1971 to have regard to public safety. Tips may become insecure when water or ground conditions make them unstable. The Authority has responsibility for 41 tips and keeps them secure, monitors water drainage, constructs tunnels and ponds to capture the water runoff and undertakes a regular programme of maintenance.

The cost of Tip Management provided is £0.5 million per annum (2013: £0.6 million) over the next 50 years, before discounting.

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

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

Other Provisions

The provision relating to other items is £13.0 million (2013: £13.0 million). The effect of the change in discount rates has been to decrease other provisions by £0.1 million.

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

These include the following items:

The Authority has obligations under the Bridgewater Canal Act 1907 to maintain elements of the canal which have been affected by coal mining subsidence. A 50 year programme of works has been prepared and costs estimated at £8.0 million remain at 31 March 2014 (2013: £7.0 million), after discounting.

Provisions relating to opencast site rehabilitation are held arising from obligations under planning consents. The provisions also include compensation payments due under agreements to occupy third party land during the working and rehabilitation period. This provision is held at £0.1 million (2013: £0.1 million).

Closed colliery site obligations are assessed to be £4.9 million (2013: £5.9 million), after discounting and relate to returning colliery site areas to a condition that is safe and secure and consistent with any required planning permission or lease requirement.

Sensitivity of Trends and Assumptions

The calculations as explained above necessarily include estimates and assumptions.

The level of provisions is reasonably sensitive to these assumptions. For example, should predicted costs for subsidence, surface hazards or tip management increase or decrease by £1.0 million per annum, the total provision over 50 years in current day prices would increase or decrease by £31.8 million. Similarly, should predicted costs for Mine Water or Subsidence Pumping Stations increase or decrease by £1.0 million per annum, the total provision over 100 years in current day prices would increase or decrease by £42.0 million.

The level of provisions is sensitive to a change in the discount rate. An increase in the discount rates by 0.5% would decrease the total provision held by £121.4 million (11%). A decrease in the discount rates by 0.5% would increase the total provision by £154.8 million (15%).

Analysis of timing of discounted flows:

	Mine Water	Public Safety and Subsidence	Subsidence Pumping Stations	Tip Management	Other	Total
	£000	£000	£000	£000	£000	£000
Up to 2015	14,481	7,309	934	530	972	24,226
Between 2016 and 2019	63,680	34,101	9,458	2,225	3,283	112,747
Between 2020 and 2034	212,803	95,129	29,807	6,458	5,558	349,755
Thereafter	408,036	108,461	51,801	7,787	3,187	579,272
Total	**699,000**	**245,000**	**92,000**	**17,000**	**13,000**	**1,066,000**

16. Capital Commitments

	2014 £000	2013 £000
Property, plant and equipment	1,136	981
Intangible assets	62	165
Total	**1,198**	**1,146**

There were capital commitments authorised, contracted, and provided for at 31 March 2014 of £1,198,000. (2013: £1,146,000).

Property, plant and equipment capital commitments include £1,068,000, relating to the build of 11 and refurbishment of seven mine water treatment schemes.

Intangible assets capital commitment of £62,000 is in respect of further development to the Authority's Information System.

17. Commitments under Leases

17.1 Operating Leases (Lessee)

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

	2014 £000	2013 £000
Land:		
Within one year	395	391
Between one to five years	1,517	1,506
After five years	10,828	11,079
	12,740	12,976
Buildings:		
Within one year	38	50
Between one to five years	–	38
After five years	–	–
	38	88
Others:		
Within one year	84	61
Between one to five years	140	56
After five years	–	–
	224	117
Total	**13,002**	**13,181**

17.2 Finance Leases (Lessee)

The Authority as has no obligations under finance leases.

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17.3 Operating Leases (Lessor)

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

	2014 £000	2013 £000
Head Office – Freehold Property:		
Within one year	252	252
Between one to five years	401	639
After five years	–	–
Total	**653**	**891**

17.4 Finance Leases (Lessor)

The Authority receives no operating income under finance leases.

18. Contingent Liabilities

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

Both of the above liabilities have been provided for within the Public Safety and Subsidence provision (Note 15) based on analysis of trends and claims experience. However it is possible that significant, unexpected events outside of this provision may materialise. It is expected that any deficit will be covered by future allocations of grant in aid.

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

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

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

Wentworth Woodhouse

Damage Notices have been submitted to the Authority in respect of subsidence damage "in excess of £100 million" to Wentworth Woodhouse, a Grade 1 listed Country House. The Authority has rejected these notices.

Lands Tribunal Proceedings are ongoing and the Authority will continue to strongly defend its case.

19. Contingent Assets

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

20. Related Party Transactions

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

DECC continue to provide a consolidated Annual Report and Accounts for the core department and incorporating NDPB's, including the Authority, that are classified within its consolidation boundary.

In addition, the Authority had a number of transactions with other government departments and bodies. The most significant of these transactions include the purchase of goods and services from the Department for Communities and Local Government (DCLG) and the provision of environmental technical services to the Defra.

There have been no material transactions undertaken between Board or Executive Members, or other related parties, and the Authority during the year, that require disclosure.

During the year and in the normal course of business, the Authority paid Halifax Hall Hotel £1,675.30 in relation to accommodation and conference facilities. This hotel is indirectly owned by Sheffield University where the wife of Mr Stephen Dingle, the Authority's Chair, is the Finance Director.

21. Events after the Reporting Period

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

Date accounts authorised for issue

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

Accounts Direction given by The Secretary of State for Energy and Climate Change in accordance with The Coal Industry Act 1994

1. This direction applies to The Coal Authority.

2. The Coal Authority shall prepare accounts for the financial year ended 31 March 2009 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the Department.

3. The accounts shall be prepared so as to:

   (a) give a true and fair view of the state of affairs at 31 March 2009 and subsequent financial year-ends, and of the income and expenditure, total recognised gains and losses and cash flows for the financial year then ended; and

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

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

5. This Direction supersedes the Direction dated 17 June 2008.

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

3 June 2009

Public Information Services

Public Services: 01623 637000
Surface Hazards: 01623 646333

The Authority is responsible for:

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

Further Information

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

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