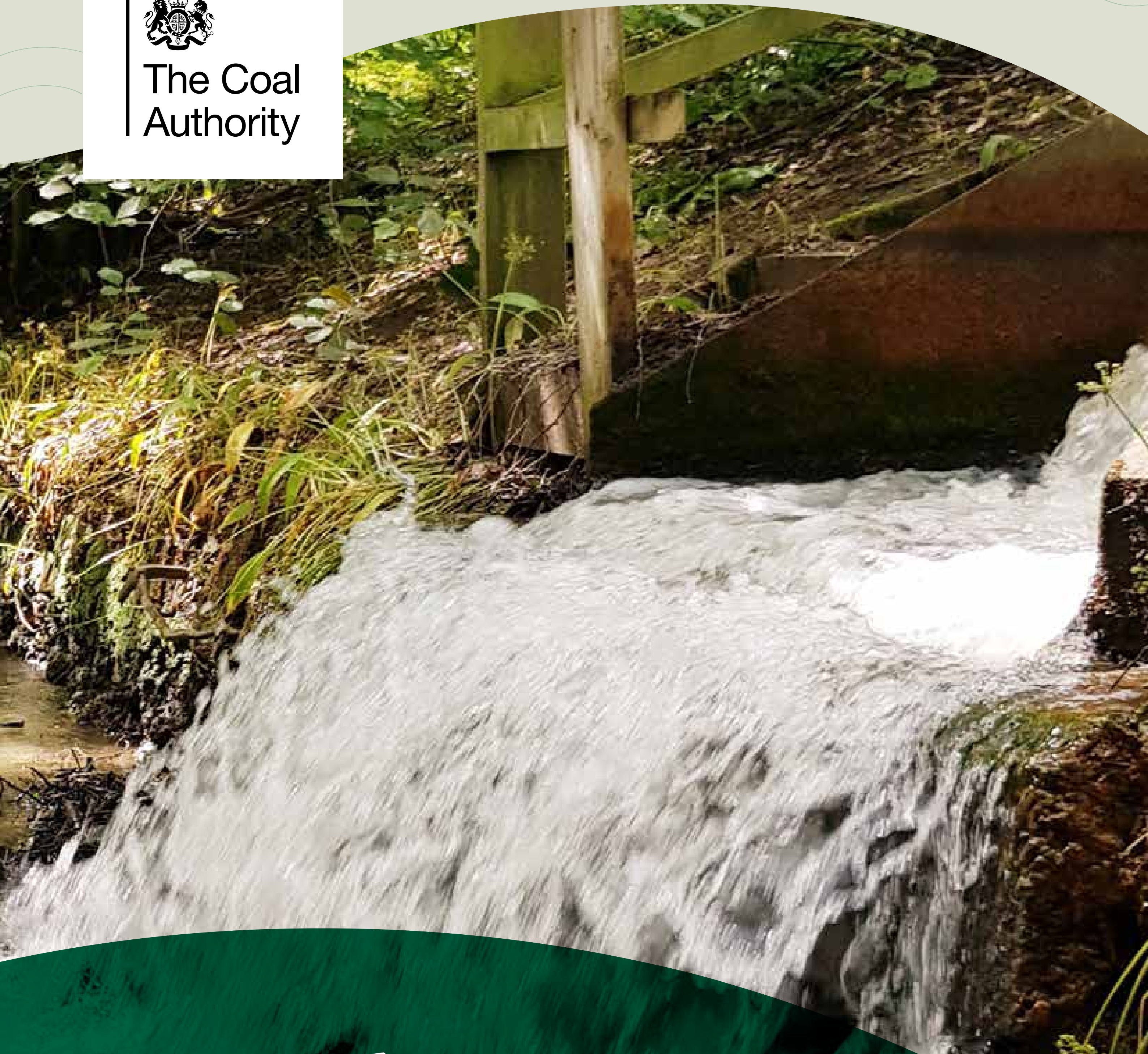
The Coal Authority



Annual report and accounts 2019–20

HC 743

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Annual report and accounts 2019–20

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Performance report

Overview

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

Our mission:

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

Our purpose:

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

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

We contribute to the delivery of the UK Government's Industrial Strategy and the environmental, social and economic priorities of the UK, Scottish and Welsh Governments. By sharing our knowledge and expertise we support them, and our partners, to create cleaner, greener nations for us all.

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

Our governance:

We've an independent board responsible for setting our strategic direction and holding us to account. The board ensures that our statutory duties are carried out effectively and that we bring our mission, purpose and values to life. Our chair and board members have relevant experience to support our work.

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

Our values:

Trusted:

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

Inclusive:

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

Progressive:

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

The work we do

During the course of our work in 2019–20 we:

Kept people safe and provided peace of mind

We carried out **10,858** mine entry inspections

We investigated **471** surface hazard reports

We assessed **352** subsidence damage claims

Used our information and expertise to help people make informed decisions

We delivered **228,529** mining reports

We issued **1,998** permits to intersect coal

We provided **8,975** planning consultation responses

Protected and enhanced the environment

We treated **122 billion** litres of water

We replaced **27,000m²** of our 350,000m² reed beds

We prevented **4,500** tonnes of iron solids from entering water courses

Created value and minimised cost to the taxpayer

We saved **£2 million** by recycling reedbed material

We generated **£5.3 million** of income through our advisory services

We recycled **77%** of removed iron solids

Chair's foreword

I'm very pleased to introduce our 2019-20 annual report. This has been a further year of change and development for the organisation and I am delighted to see that our new mission, purpose and values have been embedded and that our new customer strategy and commitments are already making a real difference. All of this has been underpinned by strong delivery and an ongoing commitment to innovation and opportunity.

Last year I said in my foreword that it would be my last, after 7 years as Chair. I'm delighted to have been invited by the Secretary of State for Business, Energy and Industrial Strategy (BEIS) to extend this role for one final year and to have the opportunity to comment once again on the work of the Coal Authority.

When we started the year, we had no idea that by the end of it we would be operating in a fundamentally different way with more than 90% of the organisation working from home to deliver our essential services during the COVID-19 global pandemic. My heart goes out to all of those who have been impacted by COVID-19. Our response focused initially on delivering essential services which protect life and wellbeing, but due to the commitment and dedication of our staff we've been able to deliver the majority of our customer facing activities, safely, in this new way. I cannot thank our people enough for their dedication and commitment through these challenging times.

Whilst COVID-19 is continuing to have a major impact on the whole of society, the rest of my foreword will focus on our activities in 2019-20 prior to lockdown measures being introduced in March 2020.

Lisa Pinney, our Chief Executive, will describe 2019-20 as a year of incident response and it certainly has been that. Additionally it has

been a year of innovation with a number of opportunities being grasped. I am thrilled that there are now a number of significant schemes in the pipeline to build decarbonised heat networks for housing and for commercial/ industrial/agricultural premises fuelled by warm water from former coal mines which will contribute to BEIS and government policy for net zero carbon. Our sponsoring Minister, Kwasi Kwarteng, recently described this as "potentially transformational" and went on to say that "we've this huge historic legacy in terms of coal, and being able to use that footprint and turn it into a source of green energy – that's incredibly positive."

Our approach to this is to continue working on markets for by-products and catchment based work with partners on reducing water waste, delivering public good and providing income. Our commitment to research and development (R&D) continues and we've just received funding with partners for a new metal mine water R&D site in Cornwall to complement the coal mine water site we have at the National Coal Mining Museum for England in Wakefield.

We remain focused on sustainability and to contributing to habitat and net zero carbon ambitions in each of the nations we serve. In 2019 we published our first Biodiversity and Resilience of Ecosystems report for the Welsh Minister for Environment, Energy and Rural Affairs and we were recently delighted to sign a Sustainable Growth Agreement with the Scottish Environment Protection Agency as part of our work on the Leven catchment in Fife. Our board is committed to the ambition of us being a net zero carbon organisation by 2030 and to fully understanding the potential wider society benefits of the habitats we create and the contribution we could make from decarbonised mine water heat and energy. As part of that we continue to invest in solar energy and to date have saved £237,000 in power costs and 436 tonnes of carbon from entering the atmosphere.

I have been delighted to see a greater customer service ethos embedded in the organisation and the launch of our new customer standards. Most important are the real life examples.

I was pleased to see how we supported the community of Emersons Green in Bristol when new mining information became available and how we've worked with Welsh Government and the Welsh Local Authorities and Natural Resources Wales to develop with pace a new colliery tip assessment framework, database and mapping layers to allow consistent categorisation and action planning and to provide information and reassurance to customers on the new coal tips hotline that we operate.

The board and I are committed to taking the learning and opportunity from the current challenging times and use it to help us become an even more effective organisation and a truly 'great place to work'. We've refreshed our commitments to diversity and inclusion in light of Black Lives Matter and appreciate we've more to learn and more to do. We'll be publishing our second gender pay gap report shortly. We've made further progress but need to continue with our plan and strong commitment to reducing the gap further. We hope that greater flexible working in the future and use of technology can be part of helping us to attract more diverse talent and to bring in a greater range of voices to inform our work.

Our people remain our most important asset. Over the past year we've invested in further leadership and skills development to ensure that how we work continues to be as important as what we do. To develop and deliver further innovation and opportunity, we need to continue to be bold in our approach and work across the organisation as 'One Coal Authority' to deliver better outcomes and efficiencies.

We'll continue to support our people and their wellbeing, especially through the current challenges, in new and different ways. I would like to once again take the opportunity to say thank you to our staff for their continued commitment and significant delivery throughout a complex and challenging year.

In 2019 the Coal Authority celebrated 25 years and, as part of this, I was honoured to give a presentation celebrating the history and evolution of the organisation over that time. We've changed significantly over the period from an organisation focused on licensing the remaining industry and dealing with legacy issues to one which manages remediation and legacy and seeks innovation and opportunity, working to make our ex-coal mines and communities part of our new low carbon future. It's the constant evolution which has kept the organisation relevant and, for me, made it such a privilege to lead. Thank you for allowing me to work with you and learn so much from you over the past 8 years as chair.

I'd like to make some final comments about my board colleagues. Each and every one of them has contributed to the success of the Coal Authority and made my job interesting, rewarding and fun. Lisa Stanger left her role as Strategy and Performance Director on 31 March 2020 after 10 years and I would like to record my thanks for her major contribution to our success. I am looking forward to working with the board and all our staff during 2020-21 to build further on our success and position the Coal Authority to emerge from COVID-19 stronger and even more efficient and customer focused.

Stephen Dingle
Chair

A Tip in South Wales

Chief executive's report

This year has been shaped by extreme weather and incident response and I'm extremely proud of the professionalism and dedication of our people in working long hours and using our skills and expertise to support partners and protect the communities we serve.

This includes working in the Yorkshire area, where we have 83 pumping stations, to support the multi-agency response for flooding, working with Welsh Government and the UK Government to manage the impacts of extreme rainfall on old colliery spoil tips in Wales and responding to 471 reported surface hazards and 352 subsidence damage claims. On the mine water treatment side we kept our 82 treatment schemes operating throughout the fluctuating weather, undertook further research and development to plan for new schemes and worked with partners to manage the impacts of mine water pollution caused by the extreme weather.

At the end of the year we, alongside the rest of the country, were impacted by COVID-19. We focused our response on public safety, the protection of drinking water and the environment and the wellbeing of our staff. Our key workers and priority suppliers have continued to work throughout lockdown to make hazards safe, continue high priority colliery tip inspections and to keep mine water treatment plants running to prevent pollution. The majority of our other services have been delivered through home working. I'm extremely grateful for the commitment of all our people who, whilst facing their own fears, family pressures and caring responsibilities, have done their very best to support our customers.

Last year I made a number of commitments for 2019-20 and I'm delighted to say that we've made strong progress on each.

- We've worked with staff, customers and partners to develop and publish new customer standards and a new complaints and commendations policy. We've continued to build a strong customer service ethos into our processes and approach, making us easier to engage with and do business with. We'll use monitoring and feedback to build on this year on year.
- We've continued to become more visible through our social and other media presence - we increased the number of our followers across our 3 main social media channels by more than 30%. During the same period, our social media posts made more than 1.3 million impressions. Meanwhile our work was frequently featured on both television and radio, with stories regularly appearing in both the mainstream media and specialist press. We've also made progress in updating our website and ensuring it is more accessible and in line with what our customers want. We're rolling out improved signage and information boards to all our sites on a prioritised basis, have undertaken some site open days and used more video content to help bring our work and sites to life.
- We've continued to develop our commercial and value added ethos by providing expert services to a number of partners, further developing options and markets for a number of by-products and securing funding and partnerships for a number of mine water heat and energy schemes. These will provide decarbonised heat to homes, commercial units and agriculture and are now recognised by government as an important part of the net zero carbon solution. Our coal mines were essential to the development and industrialisation of Great Britain and we hope that they will now play a key role in our low carbon future. You can read more at www.gov.uk/coalauthority

In 2020-21 we'll continue to support the governments of the 3 nations we serve by delivering appropriately during COVID-19 restrictions and promoting economic recovery by supporting the housing market, providing expertise and advice to infrastructure providers and working with our supply chain and partners to deliver our capital build programme and mine water energy infrastructure projects.

Our board have committed to achieving net zero carbon by 2030. We hope to go beyond that and make a wider contribution to society through the habitats we create and the decarbonised heat and energy storage that we want to provide. This year we'll establish a baseline position and a clear plan for progress to 2030 and beyond.

We'll continue to provide our core duties and 24/7 incident response and reassurance for anyone impacted by coal mining gas, subsidence or hazards. And we'll do further work with Welsh Government to ensure Welsh colliery spoil tips are inspected and to inform a future approach to regulation and maintenance for the long term reassurance of local communities.

We couldn't do any of this without our great people – or the diverse and talented people we'll need to recruit in the year ahead. Our focus on diversity and inclusion is even more important and we've committed to take action to become a more actively anti-racist organisation. We've a lot more to do and we encourage you to hold us to account as we go forwards.

As Stephen says, we'll take the learning and opportunity from this unusual period of working and ensure that we can be a more flexible, tech-enabled and inclusive 'great place to work' for the future.

Lisa Pinney MBE
Chief Executive and Accounting Officer

Our performance

We've made good progress over the first 2 years of our 5 year plan, setting the foundations to create a more sustainable organisation able to deliver our mission for years to come. As well as continuing to invest in our future, 2019-20 has been a year of strong delivery of our core roles of keeping people safe, protecting the environment, and providing good quality information to help others make informed decisions.

We're developing our balanced scorecard against 4 areas - our people, customers and stakeholders, internal processes, and managing our money. Our key achievements in these areas are outlined across the next few pages.

Our people

We continue to make good progress against our people plan.

Our 2019 people survey showed that 81% of our people are proud to work here (compared with a sector average of 65%) and that we've improved the support to our people in a number of areas. It's also helped us to highlight areas for improvement and further action.

We've implemented our action plans on diversity, inclusion, mental health and wellbeing. We've improved policies, further embedded our mental health first aiders and promoted support groups and networks.

We've continued to focus on learning and development and have launched our leadership development and 'development for all' programmes.

We're making good progress on our 'great place to work' commitments and have simplified our approaches to make it easier for our people to deliver great service to our customers. For more information, please see page 27.

Customers and stakeholders

We've made clear progress on our commitment to improve our customer service. This was underpinned by feedback from our customers, partners and staff. We used the UK Customer Services Index for public services for the first time and to provide a benchmark for the future. This told us that 77.5% of our customers are satisfied with the service they receive from us (compared to a sector average of 77.7%) and identified some specific areas for improvement, including complaints handling and resolution, better digital access to our services and greater clarity around response timescales. We've taken account of this in our new customer strategy and new customer standards which were published in October 2019. We've also published a new complaints and commendations procedure which provides clearer sections for subsidence claimants and other customers to provide better clarity.

We worked effectively with partners on the emergency response to storms Ciara, Dennis and Jorge, using our subsidence pumping stations to minimise flooding and operating mine water treatment works in innovative ways to minimise pollution. In Wales we worked with the Welsh and UK Governments to minimise the impacts of severe flooding on colliery tips and provide reassurance to the communities below them. We now provide a 'tips helpline' (0800 021 9230) and are continuing to work with partners to create a central registry of tips in Wales, undertake high risk inspections and plan for a new regulatory regime for their future management.

We continue to provide a 24/7 incident response line (01623 646 333) for mining hazards such as subsidence, mine gas and shaft collapse. We've inspected 10,858 mine entries, repaired 81 properties, and resolved subsidence claims relating to 450 historic mining hazards under infrastructure, land and buildings.

We've invested £9.9 million in the treatment of water polluted by abandoned coal and metal mines in order to protect the natural environment and continued our research and development programme to deliver broader outcomes and opportunities for the future.

We've worked with a range of national and local stakeholders on the nation's first significant district heating scheme from mine water heat at Seaham in the North East of England. This will provide decarbonised heating to 750 affordable homes, 750 private homes, a school, shops and a medical and innovation centre from our nearby mine water treatment scheme. Historic coal mines are a source of geothermal heat which has huge potential, with 25% of Great Britain's homes sitting on the coalfields. There are a number of further schemes in the pipeline and we're working closely with the UK, Scottish and Welsh Governments to maximise the opportunity to help achieve their net zero carbon and climate change policies and aspirations and to create cost effective, low carbon heating for people and communities in mining areas.

Internal processes

During the year we've comprehensively reviewed, refreshed and simplified our key control framework document and governance manual, and reviewed our levels of delegated authority, to better empower our people within clearer frameworks.

We've made good progress on producing a new risk management and assurance framework. This will more clearly articulate our risk appetite and improve risk management processes to better facilitate dynamic, real time reporting and management of risks. This will be rolled out more broadly and embedded during 2020-21.

Our programme approach is helping us to make better decisions and deliver greater efficiencies and/or multiple outcomes across our capital programme and other projects.

Managing our money

We've continued to work closely with the Department for Business, Energy and Industrial Strategy (BEIS), our sponsor department, so that they understand our financial risks and opportunities and help ensure that we deliver our programmes and activities in line with agreed budgets.

Of our expenditure, 36% was funded outside of BEIS grant in aid during the year. We generated £5.4 million income from our advisory services and by-products, using our expertise to help other government organisations manage their risks and to create opportunities from our mining legacy.

Our Innovation and Research and Development programmes have generated savings of £2.2 million to offset our costs during the year, including £2.0 million of avoided costs through sustainably maintaining our mine water treatment reedbeds by recycling 24,521 tonnes of excavated material, 120 tonnes of cut reed and 2,800 tonnes of ochre.

For more information on our finances, see page 23.

Outlook for 2020–21

Throughout 2020–21 we'll continue to focus on our mission of making a better future for people and the environment in mining areas.

We'll support the ambitions of the governments we serve for a green recovery from COVID-19 and continue to enable infrastructure and sustainable growth through our work. We've taken learning from working in new ways and will use this and the potential for greater flexibility to improve our future delivery, better support the communities we serve, support the wellbeing of the people who work for us and seek to attract more diverse talent to our future roles.

Through lockdown and beyond we've continued our essential work to protect life, protect drinking water and protect the environment. From supporting households affected by subsidence or mine gas to protecting drinking water, rivers and beaches from pollution from mines our work keeps communities safe and ensures that rivers, beaches and other local spaces can be enjoyed by local people. This is our core work and will continue alongside our 24/7 incident response to provide reassurance to communities across the coalfields.

We'll promote sustainable economic recovery by supporting the housing market, providing expertise and advice to infrastructure providers and providing good quality information to help people make informed decisions.

We'll work with our supply chain and partners to maximise the delivery of our capital build programme and mine water heat and energy infrastructure projects, promoting employment and enabling 'levelling up' across coalfield areas.

We'll aim to make clear progress towards our commitment to becoming a net zero carbon organisation by 2030. We'll establish a baseline position for our emissions and develop a clear plan for progress to 2030 and beyond. This will include a focus on nature and biodiversity which are essential to climate change resilience.

We'll work with our sponsor department BEIS, the devolved governments, local councils, public and private sector partners and green finance partners to grow the pipeline of mine water heat and energy projects which will provide decarbonised and cost effective heating for social housing, residential and industrial developments and horticulture to help deliver the climate change ambitions of England, Scotland and Wales.

We continue our commitment to making our services more accessible and better enable our customers to engage with us in a range of ways that meet their needs.

We'll build on the learning from our involvement with several major incidents over the past year and further develop our systems and structures to modernise our approach based on best practice.

All this will be underpinned by our work to create an even more modern, inclusive, vibrant and welcoming workplace and ways of working. We continue to focus on employee wellbeing and development. This approach has been key to our COVID-19 response and recovery and we'll develop it further.

We stand with our black colleagues, customers, partners and friends. We're listening and learning and will take action to become more actively anti-racist. This includes educating our people, changing our approach to recruitment and creating more opportunities to hear different voices and perspectives in shaping our approaches. We know we've a lot more to do. Please hold us to account as we go forwards.

Our business model

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

Our purpose:

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

Our business plan

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

Lead, support and develop our people:

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

Pursue commercial opportunities:

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

Implement a customer strategy:

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

Invest in our governance and processes:

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

Strategic risks

Risks	Update and mitigation	Relative rating
Public safety risk Despite Coal Authority controls, a significant surface hazard caused by past coal mining or incident at a Coal Authority legacy site causes serious injury or fatality.	We've well established processes to manage our risks including proactive inspection and communication programmes and a 24/7 triaged response line. We adopt a proportionate response to manage this risk but it cannot be eliminated.	**High (stable)**
COVID-19 (staff wellbeing and business continuity) COVID-19 (or similar health event) and associated restrictions affect staff health, safety or wellbeing and the ability of the Coal Authority to undertake its core functions.	By 31 March 2020 our business continuity plan had been invoked and the organisation was home working. A senior management team was in place to make real time decisions and ensure staff wellbeing was protected and our communication effective. Critical, front line activities were carefully prioritised and all critical operations continued throughout the period. At time of publication, we continue to carefully prioritise, bringing activities back online as restrictions ease.	**High (decreasing)**
COVID-19 financial impact The economic impact caused by COVID-19 affects Coal Authority income.	Initial forecasts suggest that income from mining reports, information and permits services would be lower than budget by up to £3 million during 2020-21. At time of publication income levels are volatile with future months difficult to predict. We continue to work closely with the Deparment for Business, Energy and Industrial Strategy (BEIS) to manage this pressure on our budget.	**High (stable)**

Risks	Update and mitigation	Relative rating
Disruptors in the information market Due to limited resource and focus on core duties we fail to improve our information or develop new products and services, leading to missed opportunities for the Coal Authority and others to create value from our information and data.	We've been successful in releasing our data for others to use and opening up the coal mining reports market resulting in a lower market share and reduced income from this market as expected. We'll continue to work closely with the Geospatial Commission, its partner bodies, and other organisations to identify opportunities to share our data and information, providing excellent services to help our customers make informed decisions.	**High (stable)**
Take up of government services Due to external funding pressures and economic uncertainty, opportunities to provide services to government organisations develop more slowly leading to missed opportunity to help them manage their risks or create value from mining legacy and lost financial contribution.	We've reviewed our markets and rationalised the by-products and advisory services we're offering and the partners we're engaging with. We've improved our profile and strengthened key relationships. We continue to work with others, including the Department for Environment, Food and Rural Affairs (Defra) and Natural Resources Wales (NRW) to manage mine water remediation and have established a tips incident response team on behalf of the Welsh Government.	**Medium (stable)**
Innovation Due to funding constraints and the inherent risk in innovation, progress to develop new technology, processes and products may take longer than planned leading to delay in value creation and cost savings.	This programme is overseen by our innovation board. Actions taken during this spending review period have reduced operating costs of treating mine water by £2.2 million in 2019-20 and we continue to work with partners to develop opportunities for mine water energy schemes. We'll continue to collaborate with our sponsor department BEIS, British Geological Survey and other organisations to maximise our success.	**Medium (stable)**

Risks	Update and Mitigation	Relative rating
Operating cost pressures Sustained pressure on the costs of operating ageing mine water treatment schemes and the reactive and unpredictable nature of our public safety work lead to a short term funding gap that causes us to slow or stop key strategic programmes.	Our Research and Development and Innovation programmes are generating savings and will reduce the future net cost of operating our schemes (see above). Our capital refurbishment programme will ensure our schemes remain effective and efficient to operate. We work closely and transparently with BEIS to share our plans and manage our financial risks. BEIS are supportive of our strategy which is designed to enable us to manage the UK's coal mining legacy as efficiently as possible.	**Medium (stable)**
Exit from EU Uncertainty in respect of the nature of exit from the EU may lead to impact on funding and policy for the Coal Authority and its partners and short term disruption.	We've reviewed the elements of our business that may be affected in the short term by EU exit, for instance supply of chemicals to our mine water treatment plants, and have plans in place to manage these. The cost of this preparatory work has been undertaken within our existing business teams. We do not expect a significant impact on our activities from EU exit, but will continue to monitor the situation carefully. Our business continuity plans have been reviewed and updated so that colleagues are clear on how to deal with minor disruption.	**Low (increasing)**
Devolution Policy differences continue to grow between the UK, Scottish and Welsh Governments in areas relevant to our work, causing inefficiency, uncertainty or reputational risk.	The 3 nations we serve have developed different policies during COVID-19 which has caused additional work and, at times, different guidance and approaches for our people and operations in each country. There is a possibility that the policy differences between the nations could continue to grow, especially with EU exit on the horizon. We'll continue to work closely with the nations in delivering our work to maximise the delivery of UK and national outcomes.	**Medium (increasing)**

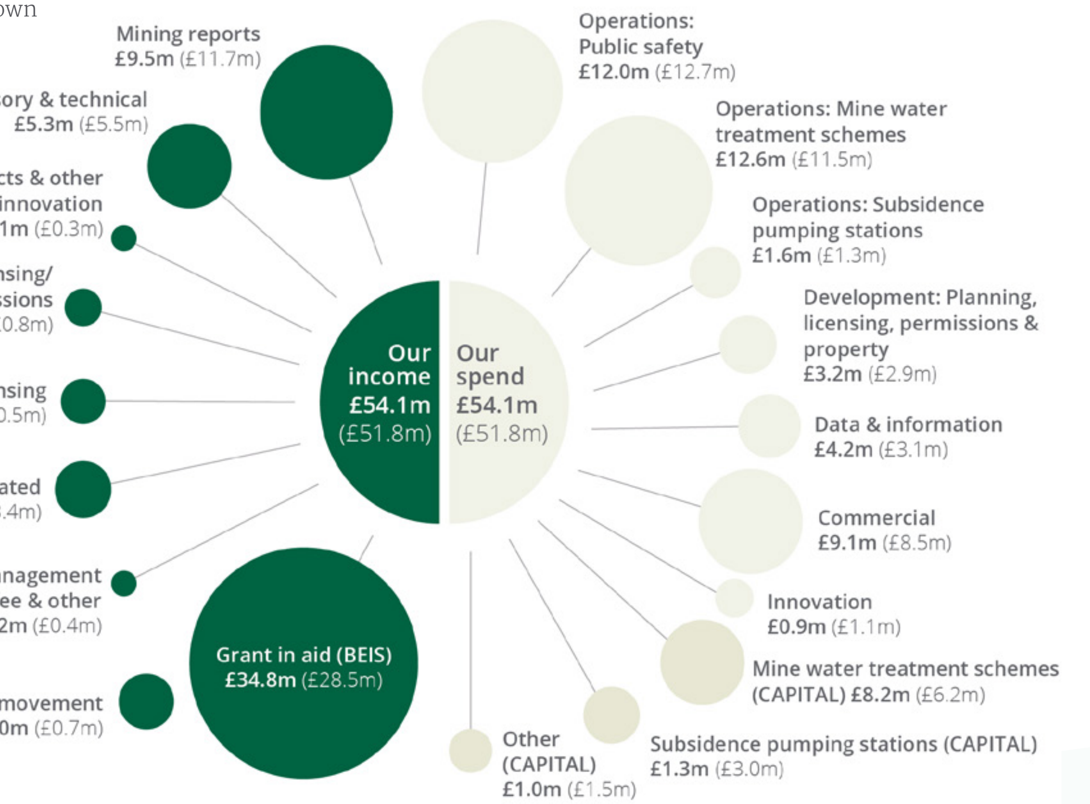
Financial review

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

We've continued to invest in innovation and our mine water treatment schemes, maintained strong operational performance and responded well to exceptional weather events and critical incidents. We work closely with the Department for Business, Energy and Industrial Strategy (BEIS) to communicate the risks and sensitivities behind our funding requirements and have delivered in line with our expected control totals. BEIS grant in aid received in the year was £34.8 million (2018-19: £28.5 million). The main drivers behind the increase in grant in aid are reduced mining report income (aligned to our objective of opening up a competitive market for mining reports) and timing of property related clawback income, as well as necessary ongoing investment in our mine water schemes and increased operational mine water and subsidence pumping scheme costs. These factors are explained further in this report. Our advisory services work generated income of £5.3 million (broadly in line with 2018-19: £5.5 million). This reflects success in delivering for (and with) other government organisations including the Department for Environment, Food and Rural Affairs in England and Natural Resources Wales, as well as support for national infrastructure projects and local authorities in managing the risks associated with mining.

How we used our money in 2019-20

2018-19 figures shown in brackets



Income of £18.3 million per the Statement of comprehensive net expenditure (page 65) is the total of the Income figures above excluding grant in aid and working capital movement.

Financial statements

Our accounts are dominated by our provisions balance of £2,306.0 million. The rationale and methodology for calculating this are shown at note 13 to the accounts. As in previous years and in line with our accounting policy, this provision for resolving the impacts of past coal mining was reviewed at the end of 2019-20. This balance has remained at materially the same level, increasing by £9.0 million (2018-19: decrease of £2,029.0 million). In line with accounting practice we adjust our cashflows to reflect the time value of money based on assumptions and discount rates provided by HM Treasury. These rates changed significantly for the prior year and were the main driver of 2018-19's large movement. Our provisions balance is explained at note 13 to the accounts.

Statement of comprehensive net expenditure

Comprehensive net expenditure for the year to 31 March 2020 was £48.0 million as compared to net income of £2,003.5 million in 2018-19. The large difference between the 2 years is driven by the provision movements outlined above. Excluding these provisions movements, comprehensive net expenditure for the year was £20.7 million (2018-19: £7.8 million), an increase of £12.9 million.

These movements are outlined below:

Total operating income:

Total operating income, which excludes grant in aid, was £18.3 million (2018-19: £22.6 million) reflecting our ongoing strategies to work collaboratively on joined-up cross-governmental projects whilst opening up the mining reports market to competition and enabling others to use our information to manage their risks.

- We're a long way now from our original near-monopoly position in mining reports, the success of an opening up of the market over the last 5 years. As a result, during the year our mining reports revenue has dropped by £2.2 million to £9.5 million, offset by increased fees of £0.5 million from the sale of our data to external bodies to broaden the market.
- At £5.3 million, our advisory and technical income has remained broadly similar to 2018-19's income (£5.5 million).
- Income from by-products has fallen this year from £0.3 million to £0.1 million. This reflects last year's major success in finding uses for our ochre by-product, and also an increased focus during 2019-20 in areas likely to offer large future benefits, most notably the mine heat research discussed elsewhere in this report.
- The other major difference from 2018-19 is the reduced 'clawback' income from sale of properties previously owned by the Coal Authority - £1.1 million compared to £3.1 million in 2018-19. This income is unpredictable and the timing of this is largely outside our control.

Expenditure:

- Staff costs of £15.1 million showed an increase of £1.0 million compared to the previous year, largely due to rises in employer contribution rates to the Civil Service pension scheme.
- Purchase of goods and services (not including costs previously provided) increased by £0.6 million to £9.0 million, reflecting increasing unit costs of power and chemicals used in our environment work, and increased maintenance across our schemes driven in part by past capital constraints. We're seeking to reduce this growing bill in future by increasing capital investment, as discussed below.
- Another driver of cost increases is our commitment to incident response, which has seen for example, a £0.1 million spend in our response to the destabilisation of a number of Welsh tips as a result of the winter's extreme rainfall and flooding. Similarly our response to maintaining the operation of our pumping stations in South Yorkshire during exceptional wet weather (£0.4 million) also reflects our priority of keeping people safe and protecting the environment.
- Depreciation, revaluation and impairment charges were this year £15.0 million, an increase of £7.2 million on 2018-19. This reflects the largest investment in our mine water treatment schemes and subsidence pumping stations for a decade. As our accounting policy in note 1.1 to the accounts shows, such expenditure is immediately impaired rather than being carried as an asset. This investment will reduce future costs on maintaining and refurbishing the schemes in future by offering increased efficiency and lowering the requirement for future maintenance.

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

Statement of financial position

Net liabilities at £2,303.0 million increased by £13.5 million against 2018-19's £2,289.5 million. Key factors were:

- provisions against future liabilities increased by £9.0 million as a result of the review in provisions outlined above. Further information is available at note 13 to the accounts. The reduction in property, plant and equipment balances of £5.1 million to £9.1 million, is largely due to the completion and immediate impairment of phase 2 of the mine water scheme at Lynemouth, Northumberland and a subsidence pumping station at Great Heck, North Yorkshire. This is most easily seen in note 6 to the accounts which shows the reclassifications into such schemes of £4.3 million from the opening balance of assets under construction, and their subsequent impairment. £0.9 million of the reduction in property, plant and equipment is due to the transfer of 5 previously operational transit houses to assets held for sale as part of the Coal Authority's disposal programme. It increased by a similar amount for those additions which were not immediately expended
- intangible assets have dropped slightly by £0.3 million, the result of there being no major product enhancements to our systems in 2019-20
- continued focus on disposing of surplus property resulted in a £0.2 million drop in the value of investment properties after the sale of surplus land in the North East of England
- although our underlying debtors balance has remained broadly consistent year on year, a provision for bad debts ('expected credit losses') against the effects of the COVID-19 pandemic has reduced the carrying balance by £0.4 million
- cash and cash equivalents stand at £5.1 million (2018-19: £6.0 million): see the section below on cash flow for details on movements
- trade and other payables have seen a significant reduction of £1.4 million, driven mainly by discharge of liabilities relating to industry claims

Cash flow

There was a net decrease in cash during the year of £0.9 million. Constituent parts of this movement were:

- the receipt of £34.8 million grant in aid from BEIS (2018-19: £28.5 million)
- a net cash outflow from operating activities of £25.1 million (2018-19: £26.1 million), due to movements in working capital
- a net cash outflow from investing activities of £10.6 million (2018-19: £6.2 million). This relates to the purchase of property, plant and equipment as part of our ongoing programme to develop and build mine water treatment schemes and subsidence pumping stations. The increased investment is partly offset by £1.1 million of 'clawback' receipts (2018-19: £3.1 million) from the sale of properties previously owned by the Coal Authority

At 31 March 2020 we held £5.1 million cash (2019: £6.0 million). This includes £2.9 million (2019: £4.9 million) of ring fenced funds in respect of security called in from mining operators that have been liquidated. The movement in called in security is used to discharge these industry claim liabilities as part of our operating activities.

Going concern

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

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

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

Our people

Everything we do and deliver is based on people – be that our customers, partners or those who work for us. Our people have again shown their dedication and professionalism through months of incident response and in their attitude and commitment to ensuring we continue to deliver through COVID-19. We're committed to supporting them and providing a truly 'great place to work'.

Our people plan, launched in October 2018, focuses on the wellbeing, development and support of our people and was based on listening to what would make us a 'great place to work'. Through 2019-20 we've continued to take action to embed it by increasing empowerment, ensuring everyone has a voice, developing more transparent policies and rolling out new development programmes for leadership and behavioural training alongside technical development. This includes our accredited 'Lead to Succeed' programme and our 'Development for All' programme which supports our strategy to create a sustainable, highly skilled, diverse and motivated workforce.

Our 2019 people survey had a 92% response rate and showed that our people are starting to feel the benefits of the changes that we've made. Of those surveyed, 93% felt that they have the skills they need to do their job effectively, 85% felt that we're committed to creating a diverse and inclusive workplace and there were significant improvements in scores relating to management and workload. At the same time there are clear areas where we've more to do. Our people would like greater clarity about our corporate direction and are concerned about the opportunity for career development.

Our staff working at our Mansfield office

Although 91% said that they would feel able to report bullying and harassment we're concerned that 12% felt they had been impacted by it in the last 12 months. We've clear plans for action, working with our people, over the year ahead.

As part of our focus on career development we've created our first technical competency framework (on mine gas) for core operational skills. This allows clear assessment and development and supports better knowledge transfer of key skills – especially those related to mining legacy. We'll continue the roll out of technical competency frameworks during 2020-21. We've also increased the number of our people in apprenticeships, enabling them to develop essential skills and experience.

We recognise the value of engaging with our people and listening to their views and suggestions. Our staff engagement group has been an integral part of supporting and driving forward programmes of delivery and has achieved great results in supporting a number of initiatives and events such as the design of our office refurbishment and promotion of wellbeing.

Our diversity and wellbeing networks, led by our employees, have developed and strengthened this year, giving a voice to our people to help us shape our policies and future ways of working.

We're an inclusive and disability confident employer and hope that by working more flexibly in the future we can attract more diverse talent. We also continue to be a Campaign Against Living Miserably (CALM) company.

We've further embedded our agenda on equality, diversity and inclusion, developing a programme of events which promote learning about different cultures, sharing life experiences and celebrating difference.

We've delivered unconscious bias workshops across the business and reviewed all programmes of learning to ensure diversity and inclusion is a golden thread throughout.

We've made further progress to reduce our gender pay gap, moving the median from 31.6% to 31.5% and the mean from 28.3% to 21.9% in 2019. We're committed to reducing the gap further and will publish our 2020 gender pay report shortly.

We've an established trained team of mental health first aiders and, in line with our health and wellbeing plan, our staff have attended awareness training facilitated by Mental Health First Aid England. We celebrated Learning at Work Week and Mental Health Awareness Week by running a series of events to promote the importance of wellbeing. This has helped colleagues gain a better understanding of what mental health is and how we can help ourselves and others in managing it.

We continue to actively develop positive links with local communities by giving talks at local schools and for the first time one of our female engineers gave a talk at a local girl guiding meeting. We've also taken part in various fundraising for good causes, including a fancy dress rounders event in aid of the Alzheimer's Society in July 2019 and in December 2019 our Wellbeing group organised donation boxes for the Framework Housing Association and Bluebell Wood Children's Hospice.

To mark Volunteers' Week at the beginning of June, many of our staff shared their experiences of what volunteering means to them which gave us the perfect opportunity to launch our policy which encourages every member of staff to take a day a year to support a local charity or a community organisation.

As always there is more to do but we're proud of the progress we've made this year and are committed to continuing the journey towards truly being a 'great place to work'.


Sheephouse Wood mine water treatment scheme

Health, safety and wellbeing

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

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

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

Our HS&W performance remains strong and we're proud of the way our teams, supply chain and partners work together to keep each other safe. HS&W observations reporting remains high and inspections and audits have increased, allowing us to take prompt action and learning to prevent accidents from happening wherever possible. We remain committed to positive mental as well as physical health and throughout COVID-19 we've reviewed every aspect of what we do, and our support to our people, to put safety and wellbeing at the heart of our delivery.

We're not complacent. We regularly review our performance and undertake root cause learning reviews to ensure improvements can be implemented with pace. We'll continually strive to improve our performance to ensure that everyone who works for us can go home safe and well.

Measure	2019-20	2018-19
HS&W observations - unsafe acts (staff and contractors)	3,051	3,226
HS&W observations - good practice examples (staff and contractors)	324	147
HS&W inspections (staff)	412	379
Accidents - no time lost (staff)	5	3
Accidents - lost time (staff)	0	0
Incidents - Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) [1]	2	0

[1] The incidents were one specified injury, one 7-day incapacitation, both to contractors

Our focus for 2020-21 is to continue to review our approach against the latest COVID-19 guidance in all 3 nations to keep our people, our supply chain and partners, our customers and members of the public safe. This will include a strong emphasis on mental health and wellbeing.

Sustainability and the environment

We want to play our part in creating a more resilient and biodiverse world, by taking real action to combat climate change and to create space for nature. We're developing plans to be a net zero organisation by 2030 and hope to go beyond that and make a wider contribution to society through the habitat we create and the decarbonised heat and energy storage that we can provide.

This year we'll establish a baseline position and a clear plan for progress to 2030 and beyond. These plans will include our latest thinking on catchment management, mine water heat, nature based solutions and biodiversity.

Our current sustainability plan sets out our existing objectives and we've made good progress on our action plans to achieve the defined clear targets. Our next plan will be more ambitious.

During 2019-20 we've continued to invest in solar energy and to date have saved £237,000 in power costs and 436 tonnes of carbon from entering the atmosphere. We've met the government target for 25% of fleet vehicles being ultra-low emission by 2022.

In 2019 we published our first Biodiversity and Resilience of Ecosystems report for the Welsh Minister for Environment, Energy and Rural Affairs and we were recently delighted to sign a Sustainable Growth Agreement with SEPA as part of our work on the Leven catchment in Fife.

Working in partnership and learning from others will remain key to our future approach.

Sustainability drivers	2019-20	2018-19
Greenhouse gas emissions (tonnes)	1,169	3,001
Carbon emissions from mine water operations CO^{2}e (tonnes)	3,753	4,435
Carbon emissions from head office CO^{2}e (tonnes)	216	322
Carbon intensity - business travel (tCO^{2}e/100,000km)	15.8	14.2
Water usage m^3	1,145	1,199

Our data (summarised in the table above) shows that we continue to make good progress against our sustainability plan. Business travel remains a challenge for us. We continue to focus on reducing it by using alternate technology where possible but the operational nature of our business means that we need to travel to attend incidents and carry out work at our sites, many of which are in remote locations. Reducing emissions from our fleet will be a continued focus as part of our broader work towards becoming a net zero carbon organisation.

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

Lisa Pinney MBE
Chief Executive and Accounting Officer
14 September 2020

Geese at A Winning mine water treatment scheme


Barnsley Main Colliery

Accountability report

Accountability report

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

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

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

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

Corporate governance report

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

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

Directors' report

The Coal Authority presents its report and audited financial statements for the year ended 31 March 2020. The accounts have been prepared in a form directed by the Secretary of State with the consent of HM Treasury in accordance with paragraph 15(1)(b) of Schedule 1 of the Coal Industry Act 1994 ("the Act"). The accounting officer authorised these financial statements for issue on the date of certification by the Comptroller and Auditor General.

Functions, duties and powers of the Coal Authority

The powers and functions of the Coal Authority were initially set out in legislation by the Coal Industry Act 1994 and the Subsidence Act 1991 (as amended by the Coal Industry Act 1994). We assumed our functions on 31 October 1994.

These functions are set out at www.gov.uk/coalauthority and relate to the coal industry and the management of interests inherited from the British Coal Corporation, licensing of coal mining operations, dealing with coal mining subsidence and providing information.

The 1994 Act has been further amended by subsequent legislation, including the Water Act 2003 and the Water Services (Scotland) Act 2005. This has extended the Coal Authority's powers to prevent or lessen the effect of the discharge of polluted water from a coal mine onto any land or into watercourses.

The Energy Act 2011 extended the Coal Authority's powers to use its expertise in other non-coal mining related contexts including action to protect water quality from the effects of polluted mine water discharge from abandoned mines, as required by the Water Framework Directive.

Review of operations

The chief executive's report on pages 12 to 13 gives a summary of our activities during the year and the future outlook.

Finance risk management

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

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

We hold some items on the Statement of Financial Position that are discounted using rates specified by HM Treasury, specifically provisions. HM Treasury vary these discount rates from time to time, which will affect both the Statement of Financial Position and the Statement of Comprehensive Net Expenditure. This has had minimal impact in 2019-20 (decrease of £96 million compared to £2,634 million in 2018-19) as shown in note 13 to the accounts.

Future developments

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

Research and development activities

We undertake a range of research and development activities to improve the efficiency of our operations and in particular reduce the long term net cost of treating mine water. This includes finding uses for our by-products (for instance iron ochre) and promoting the use of mine water flowing through abandoned mine workings as a source of geothermal heat and low carbon energy.

Branches outside the UK

We've no branches outside the UK.

Donations

We made no political or charitable donations during the year.

Employee involvement

We're committed to engaging with staff throughout the business as outlined in 'Our people' on pages 27 to 28.

Employment

We're committed to equal opportunities and have a strong focus on diversity and inclusion. This commitment means that decisions to appoint, reward, train, develop and promote are taken on the basis of skills and abilities, matched against the requirements of the job. We support and celebrate difference and are working to attract, develop and maintain a more diverse workforce. We're making progress but know there is more to do.

We seek to attract and retain high calibre employees. Opportunities for training are given high priority to ensure that all staff can contribute to their own career development. The sickness absence rate for the year was 7.7 days as against 9.3 days for 2018-19.

Pensions and other post retirement benefits

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

Personal data

There were no Information Commissioner's Office (ICO) reportable data breaches during the year. The governance statement on page 39 provides further details of our information risk management activities.

Long term expenditure trends

These are reviewed by the directors as part of the annual review of provisions. Please see note 13 to the accounts.

Auditors

The Comptroller and Auditor General was appointed under the Coal Industry Act 1994 and reports to parliament on the audit examination. The audit fee was £55,000. In 2018-19, the external auditors were also appointed by the Coal Authority to perform an independent review of a grant application, for which they received a further fee of £5,500. No such additional work was done in 2019-20.

Access to information and complaints

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

We received 70 requests (FOIA, EIR and Subject Access Requests) during the year and answered them all in accordance with the deadlines and standards set by the ICO. No requests went to appeal.

We received 8 letters from Members of Parliament, 3 from Members of the Scottish Parliament and 1 from a Welsh Senedd Member.

We received 24 complaints from members of the public and other customers. They were dealt with under our complaints procedure and resolved within the organisation with none referred to the Ombudsman. Our complaints procedure can be found on our website www.gov.uk/coalauthority

Board of directors

Stephen Dingle
Non-Executive Director

- appointed as Board Director from 1 May 2008 to April 2011. Reappointed to 31 September 2014
- appointed as Chair from 1 April 2013 to 31 March 2017. Reappointed from 1 April 2017 to 31 March 2020 and then extended until 31 March 2021

Gemma Pearce
Non-Executive Director

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

Steve Wilson
Non-Executive Director

- appointed as Board Director from 1 April 2017 to 31 March 2020. Reappointed to 31 March 2023

Jayne Scott
Non-Executive Director

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

Lisa Pinney MBE
Chief Executive

- appointed as Chief Executive from 1 June 2018
- appointed as Board Director from 1 June 2018 to 31 March 2020. Reappointed to 31 March 2023

Paul Frammingham
Chief Finance and Information Officer

- attended the board from 6 May 2008 to 31 March 2011
- appointed as Board Director from 1 April 2011 to 31 March 2014. Reappointed from 1 April 2014 to 31 March 2017 and then from 1 April 2017 to 31 March 2020 and then from 1 April 2020 to 31 March 2023

Lisa Stanger (until 31 March 2020)
Strategy and Performance Director

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

Board and their interests

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

There were no related party transactions in respect of board members in 2019-20.

Statement of the accounting officer's responsibilities

Under paragraph 15(1)(b) of Schedule 1 to the Coal Industry Act 1994 the Secretary of State, with the consent of HM Treasury, has directed the Coal Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Coal Authority and of its net expenditure, financial position, changes in taxpayers' equity and cash flows for the financial year.

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

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

The accounting officer for the Department for Business, Energy and Industrial Strategy (BEIS) has designated the chief executive as accounting officer of the Coal Authority.

The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding the Coal Authority's assets, are set out in Managing Public Money published by HM Treasury.

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

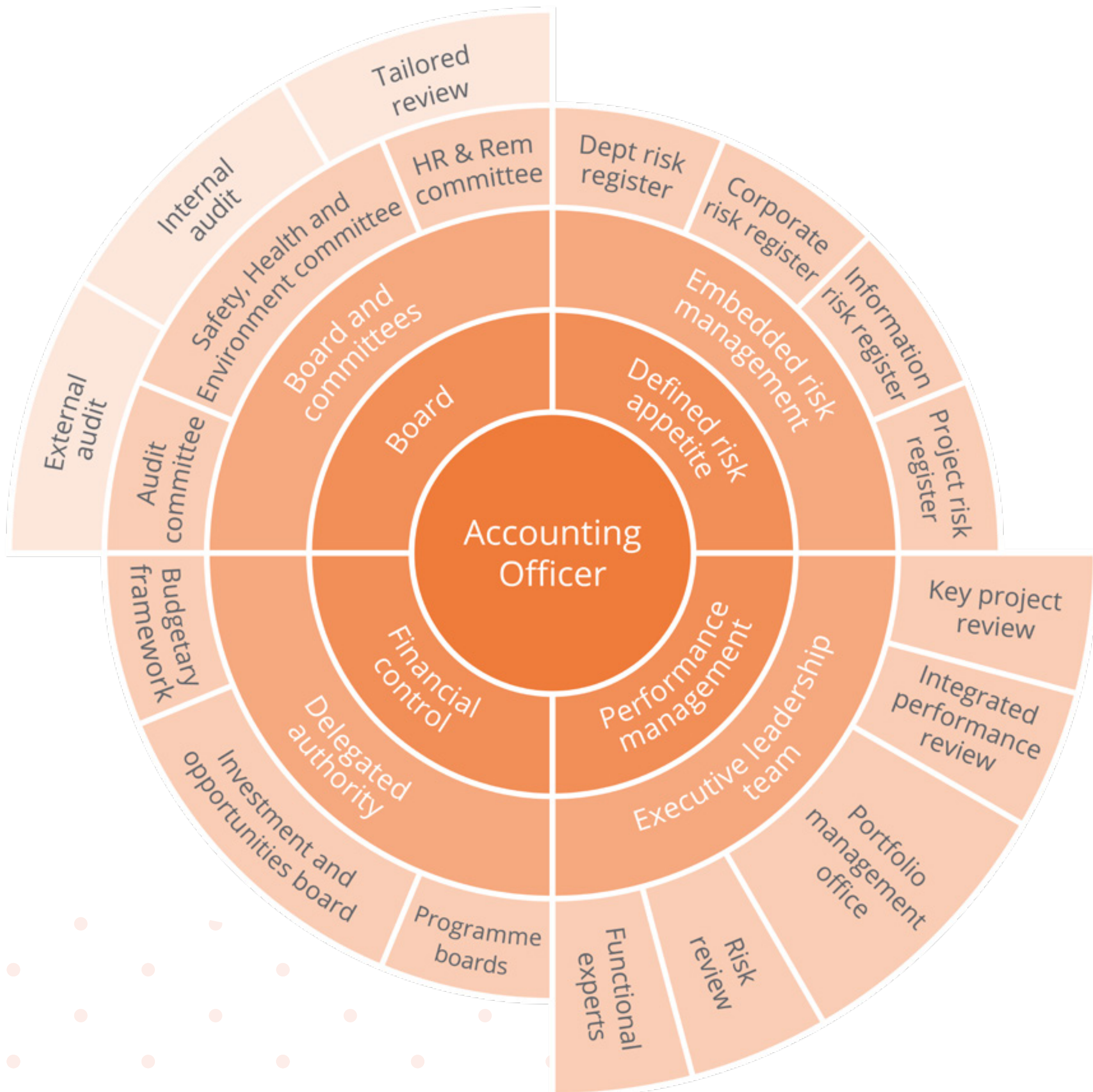
Governance statement

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

The Coal Authority's governance framework

We're committed to high standards of corporate governance. We work within a framework document that is reviewed and agreed annually with the Department for Business, Energy and Industrial Strategy (BEIS). This sets out the purpose of the Coal Authority, the core elements of the relationship with BEIS, and the framework within which we'll operate. There have been no changes to this framework.

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



1. The board and its committees

1.1 Board of directors

Throughout 2019-20 the Coal Authority had 7 directors (3 executive and 4 non-executive).

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

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

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

			Number of meetings (held) and attended			
			Board (7)	Audit (3)	HR and Remuneration (5)	SHE (3)
Non-Executive Directors	Stephen Dingle	Chair of Board	7	n/a[1]	5	n/a[1]
Non-Executive Directors	Gemma Pearce	Chair of HR and Remuneration committee	7	3	5	1
Non-Executive Directors	Steve Wilson	Chair of SHE committee	7	3	5	3
Non-Executive Directors	Jayne Scott	Chair of Audit committee	7	3	5	1
Executive Directors	Lisa Pinney MBE	Chief Executive	7	3	5	2
Executive Directors	Paul Frammingham	Chief Finance and Information Officer	7	3	2	n/a[1]
Executive Directors	Lisa Stanger	Strategy and Performance Director	4	n/a[1]	2	n/a[1]

[1] The director is not a member of this committee or board

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

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

1.2 Board performance

Compliance with the corporate governance code

We comply with the corporate governance code in central government departments and government guidance in so far as is relevant and practical for an arm's length body of our size and complexity. In line with our BEIS Framework Document:

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

Board performance and effectiveness review

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

The board undertakes regular development sessions outside of formal board meetings to reflect on key aspects of its work. Board members regularly visit sites to see the Coal Authority's work first hand and during May 2019 the board visited the Bridgewater Canal, a section of which the Coal Authority is responsible for maintaining. In November 2019 the board took part in a risk workshop in order to review the board's risk appetite and in December 2019 the board held a strategy day to review progress against its business plan and review the organisation's strategic priorities.

The board undertook an externally facilitated board evaluation session during January 2020 to further build understanding of individual board members' work preferences to facilitate even more effective team working, and understand the board's collective strengths and areas to develop.

The board considers that it has substantively achieved its objectives and has continued to operate effectively during 2019-20. The board sees value in regular reviews of performance and review of its objectives and continues to review these to ensure that they remain current and up to date.

1.3 Board committees

The board is supported by its committees as outlined below:

Audit committee

The Coal Authority's audit committee members comprise all the non-executive directors other than the chair of the board. The chief executive, the chief finance and information officer and the head of finance attend meetings by invitation. Other senior managers attend audit committee in order to present papers and join discussions. During 2019-20 the audit committee was chaired by Jayne Scott.

The committee ensures that we operate effective and integrated risk management and control systems to ensure the overall level of assurance is adequate. It reviews external audit strategy and outcomes, recommends the approval of the annual report and accounts, and oversees the internal audit function provided by the Government Internal Audit Agency (GIAA). The committee met 3 times during the year.

During the year the audit committee:

- maintained a focus on continual improvement of risk management processes including assurance mapping and the application of risk appetite
- supported the production of the Coal Authority's fraud prevention strategy
- continued to focus on financial reporting risk and reviewed our accounting policies, including review of significant judgements made in preparing the accounts and assumptions underlying our provisions balance
- assessed the overall control environment for reporting to the board and accounting officer
- reviewed other internal audit work undertaken by GIAA including:
    - contract management
    - development team processes
    - finance and HR global processes
    - financial planning and forecasting
    - governance framework
    - assurance mapping

In line with the previous year the internal audit opinion for 2019-20 offered management a 'substantial' level of assurance over the adequacy and effectiveness of the framework of governance, risk management and internal controls of the organisation. This follows a series of strong internal audit reviews during the year.

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

The Human Resources (HR) and Remuneration committee

Membership of the HR and Remuneration committee comprises the 4 non-executive directors and the chief executive. This committee is chaired by Gemma Pearce.

The strategy and performance director, and other members of the executive leadership team attend meetings by invitation.

During the year the HR and learning and development (L&D) teams were merged to form a single combined team as People and Organisational Development. Prior to this, the head of HR and the head of L&D joined by the senior HR business partner attended meetings by invitation. From March 2020 the Head of People and Organisational Development and senior HR business partner attend meetings of the committee by invitation.

The HR and Remuneration committee has met 5 times within the year and has continued to support the Coal Authority in improving organisational capability to meet future business requirements.

During the year the committee:

- provided support on the launch of our 'Development for All' learning programme which included the first cohort for leadership development, launched in May 2019

- reviewed and supported our people engagement survey which demonstrated a high level of engagement and identified areas for celebration and areas for further development
- advised on the Coal Authority's approach to adopting a new pay and reward system to ensure it meets Civil Service pay guidance
- reviewed workforce and gender pay gap data and discussed good practice and the interventions being implemented which will support a more sustainable skill mix and diverse workforce
- reviewed and supported the ongoing progress and commitment to promote our equality, diversity and inclusion agenda within the Coal Authority
- commented on the review of our HR and L&D team structure to form the single combined team as People and Organisational Development

Safety, Health and Environment (SHE) committee

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

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

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

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

2. Performance management – executive leadership team

The executive leadership team (ELT) comprises of the chief executive, the chief finance and information officer, the strategy and performance director, the operations director, the commercial director and the head of legal and governance, who all report directly to the chief executive. Each member of the ELT is responsible for the leadership and delivery of their directorate, but is also collectively responsible for the leadership and delivery across the organisation.

The ELT normally meets formally twice a month. One meeting focuses on regular business matters and one meeting has a strategic focus. They were joined by 2 heads of departments who attended the meetings as a development opportunity on a 6 monthly rota.

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

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

3. Financial control

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

Matters reserved for the board are clearly set out in the framework of strategic control with further detailed guidance in respect of policies, procedures and delegated authority levels published and available to staff. A new simplified version of the framework of strategic control has been agreed by the board which includes increased financial delegation levels for managers. Work continues to simplify and clarify some of our documentation and processes.

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

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

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

4. Risk management

4.1 Embedded risk management and culture

We've made good progress in refreshing our risk appetite and assurance processes throughout the year and progress includes the design of a new Risk Management and Assurance Framework (RMAF). Risks are discussed and managed through the organisation and implementation of our RMAF will further facilitate this.

Evidence of our embedded risk management and culture includes:

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

4.2 Information assurance and cyber security

The Coal Authority does not hold top secret or secret information and the inherent information risk posed to government through the Coal Authority is relatively low. The senior information risk owner (the chief finance and information officer) is a board member and ensures that proportionate controls are implemented to manage information risk in line with the board's risk appetite.

We've an appropriate risk assessment, information risk management and data protection policies and an information asset register. Over the year we've undertaken a range of campaigns and activities which have continued to improve information security awareness and improved our staffs' understanding of risk by introducing simple steps to manage these topics. We've continued to improve our technical controls and a technical security strategy of strength through depth has been effective in trapping threats.

We're not aware of any significant breaches of security or policy or loss of personal protected information during the year.

4.3 Risk assessment

The key risks that we'll need to manage to deliver our plans are outlined in the strategic risks section of the performance report.

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

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

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

5. Tailored review

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

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

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

6. Anti-bribery, anti-corruption and whistleblowing

We're committed to creating a transparent environment and have clear policies for anti-fraud (incorporating bribery and corruption) and whistleblowing. Each policy provides guidance to staff and is communicated as part of induction. Both policies are reviewed on an annual basis for relevance and clarity, before being briefed to staff and published on our intranet.

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

7. COVID-19

Towards the end of March 2020 the government announced measures to control the spread of the COVID-19 virus. The Coal Authority invoked its business continuity plan and moved to home working immediately.

A senior management team consisting of the ELT and other key heads of department was invoked to manage the Coal Authority's response and a focus placed on prioritisation of front line activities, staff wellbeing and communication. Systems and governance processes remained effective and the Coal Authority's critical activities have continued throughout the period.

8. Continual improvement of the control environment

In 2019-20 we continued our review of our corporate governance processes to ensure that they are transparent, easy to use and fit for purpose. As outlined previously, we've developed a new simplified framework of strategic control, designed a new risk management and assurance framework and written our counter fraud strategy. All have been received with positive feedback from audit committee and internal auditors and will now be progressed and embedded throughout the organisation during 2020-21. These improvements will provide an efficient control framework appropriate for an increasingly diverse, customer focused organisation.

We'll continue to review and evolve our control environment to ensure that it stays proportionate and effective as the external environment and our organisation continue to change.

9. Effectiveness of control environment

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

The system of internal control has been in place in the Coal Authority for the year ended 31 March 2020 and, as illustrated, up to the date of approval of the annual report and accounts, in accordance with HM Treasury guidance.

Based on all of the elements of the Coal Authority governance framework illustrated in the diagram on page 39, I am satisfied that the Coal Authority's governance, risk management and internal control arrangements continue to be proportionate, fit for purpose and working as intended.

Remuneration and staff report

Introduction

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

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

- non-executive directors' remuneration
- executive directors' remuneration
- executive directors' pension entitlements
- average numbers of persons employed
- staff and related costs
- reporting of civil service and other compensation schemes
- pay multiples

The HR and Remuneration committee

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

Remuneration policy for the executive directors

Executive directors' remuneration follows senior civil service guidance. The HR and Remuneration committee reviews and makes recommendations about the remuneration of the executive directors including the chief executive, which is formally determined by BEIS. The committee followed senior civil service guidance and awarded an average 1.9% increase in executive directors' salaries from 1 April 2019.

Performance development reviews (PDR)

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

Performance related pay (PRP)

PRP is non-contractual and non-pensionable and is subject to obtaining annual approval via the pay remit process from BEIS. The pay remit for 2019-20 was approved by BEIS in January 2020.

PRP is earned based on a corporate award, reflecting corporate and individual performance against objectives. Corporate performance for 2019-20 has been assessed by the board at 100% and PRP has been paid accordingly.

The Trade Union (Facility Time Publication requirements)

Under the above regulations the Coal Authority is required to provide details of trade union time. For 2019-20, there is no activity to report.

Executive directors' contracts

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

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

	Date of continuous service	Notice entitlement
Lisa Pinney MBE	1 June 2018	6 months
Paul Frammingham	6 May 2008	6 months
Lisa Stanger (1)	1 April 2010	6 months

(1) Lisa Stanger left the Coal Authority on 31 March 2020

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

Non-executive directors' remuneration

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

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

	Contract end date	2019-20 £	2018-19 £
Stephen Dingle	31 March 2021	27,050	27,050
Gemma Pearce	31 March 2022	11,666	11,666
Steve Wilson	31 March 2023	11,666	11,666
Jayne Scott	31 March 2022	11,666	2,917

Executive directors' remuneration

	Salary £000		Allowance £000		PRP £000		Pension benefits £000		Total £000	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Lisa Pinney MBE (1)	135-140	110-115	-	5-10	15-20	0-5	53	45	205-210	170-175
Paul Frammingham	90-95	90-95	10-15	10-15	10-15	5-10	38	37	155-160	150-155
Lisa Stanger (2)	150-155	80-85	15-20	10-15	-	5-10	35	34	205-210	135-140
Philip Lawrence (3,4)	-	20-25	-	0-5	-	-	-	29	-	50-55
Simon Reed (3)	-	30-35	-	0-5	-	-	-	2	-	35-40

(1) Lisa Pinney assumed the post of Chief Executive on 1 June 2018. The full year equivalent of her 'salary' banding would have been £130,000 - £135,000. Lisa received a one-off relocation allowance within the £5,000-£10,000 band. These 2 items, together with the PRP banding of £0-£5,000 above gives the range of £145,000 to £150,000 used for 2018-19 in the Pay Multiple note below. Lisa's eligibility for participation in the Coal Authority's PRP scheme began at the end of a probationary period in line with Coal Authority policy

(2) Lisa Stanger left the Coal Authority on 31 March 2020 and has received payment in lieu of notice of £70,000-£75,000. This includes payment in lieu of 6 months' salary (£40,000-£45,000), holiday pay (£5,000-£10,000) and compensation for employers pension contribution (£10,000-£15,000), all of which are included in 'salary' above, and allowances of £5,000-£10,000. Directors' allowances are explained below

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

(4) In addition to the remuneration shown in the table, in 2018-19 Philip Lawrence earned £7,500 in fees for services as a Non-Executive Director of Headlam Group Plc, which was paid direct to the Coal Authority. He did not retain any part of these fees

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

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

- in 2019-20, responsibility allowances for Paul Frammingham and Lisa Stanger
- in 2018-19, responsibility allowances for Paul Frammingham, Lisa Stanger and a retention allowance for Simon Reed

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

We also participate in a HMRC approved cycle to work scheme. Paul Frammingham has participated in this scheme in both 2019-20 and 2018-19.

No executive directors received any benefits in kind during 2019-20 or 2018-19.

Executive directors' pension entitlements

	Accrued pension at pension age at 31 March 2020 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2020 £000	CETV at 31 March 2019 £000	Real increase in CETV £000
Lisa Pinney MBE	5-10	2.5-5	61	27	23
Paul Frammingham	25-30	0-2.5	315	276	19
Lisa Stanger	15-20	0-2.5	200	169	17

Cash equivalent transfer values (CETV)

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

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

Real increase in CETV

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

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has 4 sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the 2 schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to 3 years' initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on the member's pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the 2 schemes, but note that part of that pension may be payable from different ages.)

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

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as '**alpha**' – are unfunded multi-employer defined benefit schemes and the Coal Authority is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/).

For 2019-20, employers' contributions of £2,664,000 were payable to the above schemes (2018-19: £1,963,000) at one of 4 rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands (2018-19: 20.0% to 24.5%).

The Scheme Actuary reviews employer contributions every 4 years following a full scheme valuation. The salary bands and contribution rates are set to meet the cost of the benefits accruing during the year to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. 5 (2018-19: 3) employees were enrolled in partnership accounts in the year and the total amount of contribution was £23,249 (2018-19: £15,115).

1 person retired early on ill health grounds in 2019-20. The additional accrued pension liabilities in the year amounted to £12,522 (2018-19: nil persons, £nil additional accrued pension liabilities).

Average number of persons employed

Department:	2019-20 Staff	2019-20 Other	2019-20 Total	2018-19 Staff	2018-19 Other	2018-19 Total
Development & Information	55	2	57	48	10	58
Operations	89	1	90	88	2	90
Commercial & Innovation	35	1	36	33	2	35
Information technology	32	-	32	32	-	32
Corporate Management & Services	46	3	49	47	2	49
Staff numbers	**257**	**7**	**264**	**248**	**16**	**264**

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

Of the above, 4.3 full time equivalent persons were charged to capital projects during 2019-20 (2018-19: 5.7).

Staff and related costs

Staff costs comprise:	2019-20 Staff £000	2019-20 Other £000	2019-20 Total £000	2018-19 Staff £000	2018-19 Other £000	2018-19 Total £000
Wages and salaries	10,904	-	10,904	9,935	-	9,935
Social security costs	1,147	-	1,147	1,041	-	1,041
Other pension costs	2,687	-	2,687	1,963	-	1,963
Agency staff costs	-	318	318	-	1,132	1,132
Total staff costs	**14,738**	**318**	**15,056**	**12,939**	**1,132**	**14,071**

The year on year increase in staff costs is largely driven by the increase in employer contribution rates to the Principal Civil Service Pension Scheme, outlined on page 53.

Staff composition

As at 31 March 2020	Non-executive directors	Executive leadership team	Senior managers	Staff	Total
Male	2	4	11	143	160
Female	2	3	7	96	108
Total	**4**	**7**	**18**	**239**	**268**

Disability, diversity and inclusion

We're an inclusive employer and actively encourage and welcome applications from everyone who might have the right skills to help us make a better future for people and the environment in mining areas.

This means that we do the basics like providing reasonable adjustments for disabled and differently abled candidates at interview and help them succeed at work. We encourage flexible working, part time and term based hours and so on but we aim to go further than this and become a more diverse and inclusive organisation – truly a 'great place to work' for everyone. We champion the career development, career progression and retention of all our employees. We have and are supporting and encouraging our people to establish a range of diversity networks and we try to ensure that a wide variety of voices can be heard at all levels of the organisation.

We have an equality, diversity and inclusion plan which focuses on practical steps to help us be even better and we continue to listen and learn. We know we have more to do and are committed to continuing to improve and grow.

Reporting of civil service and other compensation schemes – exit packages

2019-20 (2018-19 in brackets)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<£10,000	0 (0)	0 (0)	0 (0)
£10,000 - £25,000	0 (0)	0 (0)	0 (0)
£25,000 - £50,000	0 (0)	1 (0)	1 (0)
£50,000 - £100,000	0 (0)	0 (0)	0 (0)
Total number of exit packages	**0 (0)**	**1 (0)**	**1 (0)**
Total cost - £000	**0 (0)**	**45-50 (0)**	**45-50 (0)**

During 2019-20 redundancy and other departure costs of £45,000-£50,000 (2018-19: £nil) were recognised in the Statement of Comprehensive Net Expenditure in accordance with the provisions of the Civil Service Compensation scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs were accounted for in full in the year of departure following a period of consultation and where there was certainty over the amounts to be paid and agreed exit dates.

There have been no further compensation schemes accrued in either 2019-20 or 2018-19.

Reporting of high paid off-payroll appointments

Off-payroll engagements as of 31 March 2020, of more than £245 per day and that last for longer than 6 months:

	No
Existing engagements as of 31 March 2020	**1**
Of which, have existed for (at time of reporting):	
less than 1 year	1
between 1 and 2 years	0
between 2 and 3 years	0
between 3 and 4 years	0
4 or more years	0

New off-payroll engagements, or those that reached 6 months in duration, between 1 April 2019 and 31 March 2020, of more than £245 per day and that last for longer than 6 months:

	No
New engagements, or those that reached 6 months in duration between 1 April 2019 and 31 March 2020	**1**
Of which:	
number assessed as caught by IR35	-
number assessed as not caught by IR35	1
number engaged directly (via Personal Service Company contracted to department) and are on the departmental payroll	-
number of engagements reassessed for consistency/assurance purposes during the year	-
number of engagements that saw a change to IR35 status following the consistency review	-

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

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020:

	No
Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility during the financial year	-
Number of individuals that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure includes both off-payroll and on-payroll engagements	11

Consultancy expenditure for the year was £nil (2018-19: £nil).

Pay multiples

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

The banded remuneration of the highest paid director in the Coal Authority in the financial year 2019-20 was £150,000 to £155,000 (2018-19: £145,000 to £150,000). This was 3.7 times (2018-19: 3.7 times) the median remuneration of the workforce, which was £40,738 (2018-19: £40,000).

In 2019-20 and 2018-19, no employee received remuneration in excess of the highest paid director. Remuneration ranged from £18,287 to £155,000 (2018-19: £11,265 to £150,000).

Total remuneration includes salary, non-consolidated performance related pay, and (in 2018-19) for the highest paid director, a one-off relocation allowance. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions.

The figures for 2019-20 for Lisa Stanger include certain payments in lieu of notice. These do not form part of the calculations above, which are performed on an annualised basis.

The figures for 2018-19 for the highest paid director included within the pay multiple calculation are based on that director's remuneration package as at 31 March 2019 rather than the numbers included within the executive directors' remuneration note. A footnote to that table has been included to illustrate this.

Parliamentary accountability and audit report

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

The following sections are subject to audit.

Regularity of expenditure: losses, special payments and gifts

There have been no material losses, special payments and/or gifts during 2019-20.

Fees and charges

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

Commercial & Innovation operating segment includes the provision of mining reports which generated income of £9,489,000 (2018-19: £11,648,000), costs of £5,905,000 (2018-19: £6,692,000), and a surplus of £3,584,000 (2018-19: £4,956,000). Expenditure associated with specific programmes and activities is managed and reported under the operations segment, but relates to the enhancement of data and information. Mining reports services are charged at a commercial rate.

Commercial & Innovation includes the provision of advisory and technical services which generated income of £5,342,000 (2018-19: £5,520,000), costs of £5,120,000 (2018-19: £5,396,000) and a surplus of £222,000 (2018-19: £124,000). The financial objective for the provisions of advisory and technical services is either, full cost recovery including an allowance for overhead recovery when providing services across government, or commercial rates, which reflect the increased levels of risk, when providing services into competitive markets.

The proportions of income are 85.2% (2018-19: 93.7%) as a result of full cost recovery and 14.8% (2018-19: 6.3%) from commercial rates, demonstrating growth of commercial rate activity in line with our forecasts.

Development & Information includes the provision of data licensing and mining information which generated income of £994,000 (2018-19: £498,000), costs of £2,766,000 (2018-19: £542,000) and a deficit of £1,772,000 (2018-19: £44,000). The financial objective for the provision of licensing and permissions services is full cost recovery plus an allowance for overhead recovery.

Development & Information includes the provision of licensing and permissions activities which generated income of £834,000 (2018-19: £824,000), costs of £926,000 (2018-19: £776,000) and a deficit of £92,000 (2018-19: surplus £48,000). The financial objective for the provision of licensing and permissions services is full cost recovery plus an allowance for overhead recovery.

Remote contingent liabilities

Remote contingent liabilities are not required to be disclosed under International Accounting Standard (IAS) 37, but are considered here for parliamentary reporting and accountability purposes. The Coal Authority believes that sufficient disclosure is available in note 16 to the accounts: Contingent Liabilities and in note 13 to the accounts: Provisions to give the reader a full understanding of the liabilities it faces and may face.

Going concern

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

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

Lisa Pinney MBE
Chief Executive and Accounting Officer
14 September 2020

The certificate and report of the comptroller and auditor general to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of Coal Authority for the year ended 31 March 2020 under the Coal Industry Act 1994. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Coal Authority's affairs as at 31 March 2020 and of 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 – provisions

Without qualifying my opinion, I draw attention to the disclosures made in note 13 to the financial statements concerning the uncertainties inherent in the Coal Authority's liabilities for Mine Water Treatment, Public Safety and Subsidence Claims and Subsidence Pumping Stations. As set out in the note, given the very long timescales involved and the complexity of the processes required, a considerable degree of uncertainty remains over the value of these liabilities such that is not possible to quantify with certainty the settlement of the liabilities and their impact on the Coal Authority's future financial results.

Opinion on regularity

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

Basis of opinions

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

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Coal Authority's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Coal Authority have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Coal Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Board and Accounting Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coal Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of the Coal Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Coal Authority ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Coal Authority to cease to continue as a going concern.

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

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

Other Information

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date: 21 September 2020

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

Garth Tonmawr mine water treatment scheme

Financial statements

Statement of Comprehensive Net Expenditure year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
Revenue from contracts with customers	4	16,777	18,831
Other operating income	4	1,504	3,755
Total operating income	4	**18,281**	**22,586**
Staff costs	3	(15,056)	(14,071)
Purchase of goods and services	3	(8,953)	(8,348)
Depreciation, revaluation and impairment charges	3	(14,965)	(7,776)
Operating expenditure before provision movement		**(38,974)**	**(30,195)**
Provisions movement	3	(27,316)	2,011,258
Total operating expenditure	3	**(66,290)**	**1,981,063**
Net operating income/(expenditure)		**(48,009)**	**2,003,649**
Finance expense		(9)	(9)
Net income/(expenditure) for the year		**(48,018)**	**2,003,640**
Other comprehensive net expenditure			
Net gain/(loss) on revaluation of property, plant and equipment	6	55	(190)
Comprehensive net income/(expenditure) for the year		**(47,963)**	**2,003,450**

The Statement of Comprehensive Net Expenditure and supporting Notes to the Accounts have been prepared and presented in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury.

Notes on pages 69 to 101 form part of these accounts.

Statement of Financial Position as at 31 March 2020

	Note	2020 £000	2019 £000
Non-current assets:			
Property, plant and equipment	6	9,064	14,188
Investment property	7	330	542
Intangible assets	8	2,095	2,443
Total non-current assets		**11,489**	**17,173**
Current assets:			
Assets classified as held for sale	9	1,015	19
Trade and other receivables	10	3,404	3,757
Cash and cash equivalents	11	5,108	6,000
Total current assets		**9,527**	**9,776**
Total assets		**21,016**	**26,949**
Current liabilities:			
Trade and other payables	12	(13,581)	(13,936)
Provisions	13	(33,292)	(27,353)
Total current liabilities		**(46,873)**	**(41,289)**
Total assets less current liabilities		**(25,857)**	**(14,340)**
Non-current liabilities:			
Other payables	12	(4,456)	(5,518)
Provisions	13	(2,272,708)	(2,269,647)
Total non-current liabilities		**(2,277,164)**	**(2,275,165)**
Net liabilities		**(2,303,021)**	**(2,289,505)**
Taxpayers' equity and reserves:			
General fund		(2,303,371)	(2,289,805)
Revaluation reserve		350	300
Total taxpayers' equity and reserves		**(2,303,021)**	**(2,289,505)**

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

Lisa Pinney MBE
Chief Executive and Accounting Officer
14 September 2020

Statement of Cash Flows year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
Cash flows from operating activities:			
Net income/(expenditure) for the year		(48,018)	2,003,640
Adjustments for non-cash transactions:			
Depreciation, amortisation and revaluation of non-current assets	3	14,965	7,776
Profit on disposal of fixed assets	4	(1,099)	(3,114)
Decrease/(increase) in trade and other receivables		353	(50)
Decrease in trade and other payables		(298)	(5,383)
Increase/(decrease) in provisions	3	9,000	(2,029,000)
Net cash outflow from operating activities		**(25,097)**	**(26,131)**
Cash flows from investing activities:			
Purchase of non-financial assets:			
Purchase of property, plant and equipment		(11,231)	(8,818)
Purchase of intangible assets		(458)	(517)
Proceeds from disposal of non-financial assets:			
Proceeds from sale of property, plant and equipment	4	1,099	3,119
Net cash outflow from investing activities		**(10,590)**	**(6,216)**
Net cash outflow from activities		**(35,687)**	**(32,347)**
Cash flows from financing activities:			
Grant in aid from BEIS		34,795	28,500
Net financing		**34,795**	**28,500**
Net decrease in cash and cash equivalents		**(892)**	**(3,847)**
Cash and cash equivalents at the beginning of the period		**6,000**	**9,847**
Cash and cash equivalents at the end of the period		**5,108**	**6,000**

Notes on pages 69 to 101 form part of these accounts.

Statement of Changes in Taxpayers' Equity year ended 31 March 2020

	General fund £000	Revaluation reserve £000	Total reserves £000
Balance at 1 April 2018	**(4,321,955)**	**500**	**(4,321,455)**
Changes in taxpayers' equity for 2018-19			
Grant in aid from BEIS - capital	10,658	-	10,658
Grant in aid from BEIS - revenue	17,842	-	17,842
Transfers between reserves	10	(10)	-
Net gain/(loss) on revaluation of fixed assets	-	(190)	(190)
Comprehensive income/(expenditure) for the year	2,003,640	-	2,003,640
Balance at 31 March 2019	**(2,289,805)**	**300**	**(2,289,505)**
Changes in taxpayers' equity for 2019-20			
Grant in aid from BEIS - capital	10,515	-	10,515
Grant in aid from BEIS - revenue	24,280	-	24,280
Transfers between reserves	5	(5)	-
Net gain/(loss) on revaluation of fixed assets	(55)	55	-
Disposal of investment property (amounts payable to Consolidated Fund)	(293)	-	(293)
Comprehensive income/(expenditure) for the year	(48,018)	-	(48,018)
Balance at 31 March 2020	**(2,303,371)**	**350**	**(2,303,021)**

Notes on pages 69 to 101 form part of these accounts.

Notes to the Accounts year ended 31 March 2020

1. Statement of accounting policies

1.1 Basis of preparation

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

These financial statements have been prepared in accordance with the 2019-20 government Financial Reporting Manual (FReM), and addendum, issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Coal Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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 2020 shows net liabilities of £2,303.0 million. This reflects the inclusion of expenditure for liabilities falling due in future years, which cover periods of 50 and 100 years into the future. To the extent that they are not met from other sources of income, they may only be met by future grants or grants in aid from our sponsoring department, BEIS. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

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

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

1.4 Grant in aid

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

1.5 Revenue from contracts with customers and other operating income

Revenue from contracts with customers

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

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

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

Operating lease income

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

Consolidated fund income

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

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

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

1.6 Staff costs

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

1.7 Pensions

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

1.8 Operating lease expenditure

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

1.9 Research and development

Research

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

Development

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

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

1.10 Taxation

VAT

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

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

Deferred taxation

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

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

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

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

1.11 Assets and liabilities inherited from the British Coal Corporation

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

1.12 Property, plant and equipment

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

Property

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

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

Non-property:

Information technology, plant and machinery and furniture and fittings

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

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

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

Assets under construction are valued at cost.

Mine water treatment schemes and subsidence pumping stations

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

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

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

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

Assets under construction are valued at cost.

1.13 Depreciation

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

The rates of depreciation are as follows:

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

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

1.14 Investment properties

The Coal Authority holds a number of properties and is undertaking a rolling disposal programme, the timing of which is dependent on property market conditions. These have been classified as investment properties and are not depreciated in accordance with IAS 40, but may be impaired or revalued to provide a carrying value at their estimated fair value.

Full valuations by external chartered surveyors are undertaken by means of a rolling programme over 5 years. A desk top review is undertaken by in-house chartered surveyors on those properties that have not been subject to a full external valuation during the year.

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

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

1.15 Intangible assets

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

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

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

Software licences and bespoke software are amortised on a straight line basis between 2-5 years over their estimated useful economic lives.

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

1.16 Financial instruments

The Coal Authority does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables, as disclosed within Notes 10 and 12 to the Accounts.

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

1.17 Security fund payables

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

Deposits received are credited to security fund payables in order to recognise the Coal Authority's liability to the licensees. Repayments of deposits or the costs of making mining properties secure on default of the licensee are provided from the grant in aid received.

Interest payable on deposits is charged to the Statement of Comprehensive Net Expenditure as it accrues.

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

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

1.18 Provisions

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

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

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

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

These rates are disclosed within the relevant Note to the Accounts.

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

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

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

Specific provision periods have been established as follows:

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

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

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

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

1.19 Contingent assets and liabilities

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

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

1.20 Accounting judgements, estimates and assumptions

In relation to provisions, to the extent that it is sometimes impracticable to ascertain and disclose the full extent of the possible effects of assumptions or management estimates at the end of a reporting period, based on the best existing knowledge at the time, it is reasonably possible that outcomes for the next accounting period could require material adjustments to the provisions balance of £2,306.0 million as at 31 March 2020.

Provisions balances are calculated over timescales which are supported by reasonable evidence. These liabilities may extend beyond stated periods, but there is insufficient evidence to support provisions beyond these timescales.

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

1.21 New standards, amendments and interpretations not yet effective

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

IFRS 16 "Leases"

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

HM Treasury have issued implementation guidance covering adaptation and transition arrangements in application of the standard. As a result of COVID-19, HM Treasury have deferred the implementation by one year and this will now be introduced to the FReM from 2021-22, effective from 1 April 2021.

The impact of the new standard has been considered, and operational leases (lessee) will be brought onto the Statement of Financial Position, recognising the lease as a 'right of use' asset and a corresponding liability for the cash flow commitments associated with future expenditure. Operating lease cash flows are disclosed at £14.7 million (Note 15.1 to the Accounts) and materially relate to land.

2. Statement of operating expenditure by operating segments

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

2019-20	Development & Information £000	Operations £000	Commercial & Innovation £000	Total £000
Expenditure incurred during the year before internal recharges	7,424	26,156	9,969	43,549
Internal recharges for data and services	(2,178)	-	2,178	-
Expenditure incurred during the year	5,246	26,156	12,147	43,549
Impairments	-	13,750	-	13,750
Less provision utilised	(301)	(18,015)	-	(18,316)
Adjustment to provisions	7,301	20,015	-	27,316
Gross expenditure	**12,246**	**41,906**	**12,147**	**66,299**
Income	**(3,110)**	**(244)**	**(14,927)**	**(18,281)**
Net (income)/ expenditure	**9,136**	**41,662**	**(2,780)**	**48,018**
Total assets	**3,647**	**13,721**	**3,648**	**21,016**
Memo: net (income)/ expenditure excluding provisions movements	2,136	39,662	(2,780)	39,018

2018-19	Development & Information £000	Operations £000	Commercial & Innovation £000	Total £000
Expenditure incurred during the year before internal recharges	6,033	25,486	9,602	41,121
Internal recharges for data and services	(3,404)	-	3,404	-
Expenditure incurred during the year	2,629	25,486	13,006	41,121
Impairments	-	6,825	-	6,825
Less provision utilised	(260)	(17,482)	-	(17,742)
Adjustment to provisions	(740)	(2,010,518)	-	(2,011,258)
Gross expenditure	**1,629**	**(1,995,689)**	**13,006**	**(1,981,054)**
Income	**(4,629)**	**(457)**	**(17,500)**	**(22,586)**
Net (income)/ expenditure	**(3,000)**	**(1,996,146)**	**(4,494)**	**(2,003,640)**
Total assets	**3,981**	**18,955**	**4,013**	**26,949**
Memo: net (income)/ expenditure excluding provisions movements	(2,000)	31,854	(4,494)	25,360

Segmental analysis

The reported segments as analysed above are consistent with the Coal Authority's organisational structure, directors' responsibilities and the management information used by the Coal Authority's management team for the period reported.

Further information in relation to average number of persons employed, by segment, can be found in the remuneration and staff report (page 54) and fees and charges can be found in the parliamentary accountability and audit report (page 59).

Development and information

Development and information provides data, information and expertise to help people make informed decisions.

Development manages our property and mineral estate. It provides planning advice to local authorities, coal mining licenses to operators, and permission, through a permit and indemnity process, to enter or intersect coal. Income from licensing and permissions indemnities provide the funding for these activities, which are charged at cost, plus an allowance for overhead recovery. Income from property and estate management is derived from operating lease rental income and profits on the disposal of property, including clawback arrangements.

Information includes the licensing and provision of mining information, as well as follow on support with its interpretation. Information is provided both internally and to external customers and charged at cost, plus an allowance for overhead recovery.

Total assets includes properties valued at £1,015,000 that have been identified as being held for sale, as they are incorporated onto the property disposal strategy for 2020-21 (2019: £19,000). Further information is provided in Note 9 to the Accounts.

Operations

Operations includes environmental programmes (mine water and subsidence pumping stations) that protect and enhance the environment and public safety and subsidence work (claims, hazards, mine entry inspections and tip management) that keep people safe and provide peace of mind. Income includes management fees, charged against UK Coal security funds, associated with discharging public safety liabilities during the year.

Commercial and innovation

Commercial and innovation activities create value and minimise cost to the taxpayer.

Commercial income is derived from the provision of mining reports, which are charged at commercial rates, and, advisory and technical services which are charged at either cost recovery, plus an allowance for overhead recovery, or at commercial rates. Advisory and technical services include the provision of metal mine water treatment programmes for Defra (Department for Environment, Food and Rural Affairs) in England and NRW (Natural Resources Wales) in Wales, as well as support for national infrastructure projects and local authorities in managing the risks associated with mining.

Innovation activities are focused on efficiency and net cost reduction, as well as providing income streams from ochre sales and providing power to the national grid, both as a by-product of the Coal Authority's coal mine water treatment activities.

MDA Hub Limited (for the provision of mining reports) and Defra (for the provision of advisory and technical services, relating to the delivery of an on-going metal mine water treatment programme) provided income streams of greater than 10% of the revenue from contracts with customers (2018-19: TM Property Searches Limited – mining reports and Defra – advisory and technical services). The directors do not consider reliance on either of these customers to pose a significant risk to the Coal Authority's operations.

Analysis of operating income by segment

2019-20	Development & Information	Operations	Commercial & Innovation	Total
	£000	£000	£000	£000
Mining reports	-	-	9,489	**9,489**
Advisory and technical services	-	-	5,342	**5,342**
Data licensing and mining information	994	-	-	**994**
Licensing and permissions indemnities	834	-	-	**834**
By-products	-	-	59	**59**
Other income	59	-	-	**59**
Revenue from contracts with customers	**1,887**	**-**	**14,890**	**16,777**
Profit on disposal of property, plant and equipment and investment properties	1,099	-	-	**1,099**
Rental income	124	73	37	**234**
Public safety management fee	-	146	-	**146**
Other income	-	25	-	**25**
Other operating income	**1,223**	**244**	**37**	**1,504**
Total operating income	**3,110**	**244**	**14,927**	**18,281**

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

3. Expenditure

	Note	£000	2019-20 £000	£000	2018-19 £000
Staff costs:					
Wages and salaries		10,904		9,935	
Social security costs		1,147		1,041	
Other pension costs		2,687		1,963	
Agency staff costs		318		1,132	
Sub-total			**15,056**		**14,071**
Purchase of goods and services:					
Operating leases					
Equipment		182		148	
Land and buildings		162		108	
			344		256
Goods and services					
Expenditure incurred during the year		25,951		24,755	
Less provision utilised	13	(18,316)		(17,742)	
			7,635		7,013
Research and development expenditure		532		590	
Auditors' remuneration and expenses		55		45	
Travel and subsistence		387		444	
			974		1,079
Sub-total			**8,953**		**8,348**
Depreciation, revaluation and impairment charges:					
Depreciation and amortisation					
Property, plant and equipment	6	538		449	
Intangibles	8	832		725	
			1,370		1,174
Revaluation					
Property, plant and equipment	6	(2)		-	
Investment properties	7	(153)		(223)	
			(155)		(223)
Impairments					
Property, plant and equipment	6	13,749		6,825	
Intangibles	8	1		-	
			13,750		6,825
Sub-total			**14,965**		**7,776**

	Note	£000	2019-20 £000	£000	2018-19 £000
Provisions movement:					
Other provisions movements	13	81,814		691,950	
Borrowing costs of provisions (unwinding of discount)	13	41,502		(69,208)	
Discount rate changes	13	(96,000)		(2,634,000)	
Sub-total			27,316		(2,011,258)
Total operating expenditure			66,290		(1,981,063)

Staff and related costs of £257,000 were charged to capital projects during 2019-20 (2018-19: £309,000). Other staff and related disclosures are included in the staff and remuneration report within the accountability report.

Staff costs include one exit package (2018-19: no exit packages). Further information is available in the Exit packages disclosure in the Remuneration and staff report (page 56).

No auditors' remuneration and expenses have been incurred for professional fees associated with non-audit work during 2019-20 (2018-19: £5,500).

Detailed information on provisions and provisions movements is provided in Note 13 to the Accounts.

4. Income

4.1 Revenue from contracts with customers

	2019-20 £000	2018-19 £000
Mining reports	9,489	11,648
Advisory and technical services	5,342	5,520
Data licensing and mining information	994	498
Licensing and permissions indemnities	834	824
By-products	59	277
Other income	59	64
Revenue from contracts with customers	**16,777**	**18,831**

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

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

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

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

Further information is provided on products and services in Note 2 to the Accounts (page 76) and fees and charges in the parliamentary accountability and audit report (page 59).

4.2 Other operating income

	2019-20 £000	2018-19 £000
Profit on disposal of property, plant and equipment and investment properties (detailed in table below)	1,099	3,114
Rental income	234	292
Public safety management fee	146	309
Other income	25	40
Other operating income	**1,504**	**3,755**

Rental income relates to operating lease income from property.

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

	2019-20 £000	2018-19 £000
Profit on disposal of property, plant and equipment and investment properties:		
Proceeds from clawback on sale of land	1,090	3,063
Proceeds from sale of investment properties	9	56
Total proceeds	1,099	3,119
Fair value of investment properties	-	(5)
Total	**1,099**	**3,114**

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

Further information is provided on products and services in Note 2 to the Accounts (page 76) and fees and charges in the parliamentary accountability and audit report (page 59).

4.3 Consolidated fund income

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

		2019-20		2018-19
	£000	£000	£000	£000
Production related rent (gross)	346		315	
Cost of collection	(25)		(29)	
Expected credit losses	50		-	
Production related rent (net)		371		286
Incidental coal (gross and net)		2		10
Options for lease		9		19
Property sale proceeds		418		7
Income payable to the consolidated fund		**800**		**322**

	2019-20	2018-19
	£000	£000
Balances held at start of year	**53**	**114**
Income payable to the consolidated fund	800	322
Payments made to the consolidated fund	(381)	(383)
Balances held at end of year	**472**	**53**

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

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

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

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

Cost of collection relates to the element of income retained to finance licensing activities. Expected credit losses relate to amounts owed that have been assessed as unrecoverable.

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

Consolidated fund payments amounted to £381,000 (2018-19: £383,000), being cash collections of £53,000 (2018-19: £114,000) relating to prior year and £328,000 (2018-19: £269,000) relating to current year.

5. Taxation

	2019-20	2018-19
	£000	£000
Current tax	-	-
Deferred tax	-	-

Corporation tax is calculated at 19% (2018-19: 19%) of the estimated assessable profit for the year.

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

	2019-20	2018-19
	£000	£000
Net income/(expenditure) for the year	(48,018)	2,003,640
Tax at the UK corporation tax rate of 19% (2018-19: 19%)	(9,123)	380,692
Tax effect of expenses that are not deductible in determining taxable profit	2,790	1,442
Tax effect of temporary differences on property, plant and equipment not recognised	(140)	(540)
Tax effect of losses created/(utilised) in the period not recognised	3,628	523
Tax effect of temporary differences on provisions not recognised	1,712	(385,507)
Tax effect of grant in aid finance for revenue purposes	1,133	3,390
Tax expense for the year	**-**	**-**

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

	Recognised at 31 March		Unrecognised at 31 March	
	2020 £000	2019 £000	2020 £000	2019 £000
Tax losses	-	-	(12,347)	(7,805)
Provisions	-	-	(438,184)	(390,527)
Property, plant and equipment	-	-	(5,430)	(5,047)
Revaluation of assets	-	-	-	-
Total	**-**	**-**	**(455,961)**	**(403,379)**

No deferred tax asset has been recognised on excess carried forward tax losses 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 totaling £2,306.0 million at 31 March 2020 will be deductible when the expenditure is charged against the provision in later periods.

The main rate of Corporation Tax reduced to 19% with effect from 1 April 2017. In March 2016, the government announced that the rate would further reduce to 17% from 1 April 2020. The rate reduction to 17% was not enacted during the period and therefore the deferred tax liabilities /(assets) have been calculated at 19% (2019: 17%) on the basis that this balance will not materially reverse after 1 April 2020 as expected.

6. Property, plant and equipment

	Land	Buildings	Information technology	Plant and machinery	Furniture and fittings	Mine water schemes	Subsidence pumping stations	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2019	4,172	3,618	5,913	1,411	600	99,765	13,135	5,238	133,852
Additions	190	6	15	171	-	7,849	1,258	541	10,030
Reclassifications	-	17	305	-	-	1,953	2,343	(4,618)	-
Disposals	-	-	(18)	(3)	-	-	(15)	-	(36)
Transfer to Assets held for sale	-	(924)	-	-	-	-	-	-	(924)
Revaluations	-	20	-	-	-	-	-	-	20
At 31 March 2020	**4,362**	**2,737**	**6,215**	**1,579**	**600**	**109,567**	**16,721**	**1,161**	**142,942**
Depreciation									
At 1 April 2019	-	18	5,084	1,062	600	99,765	13,135	-	119,664
Charged in year	-	111	385	42	-	-	-	-	538
Disposals	-	-	(18)	(3)	-	-	(15)	-	(36)
Revaluations	-	(37)	-	-	-	-	-	-	(37)
Impairments	-	-	-	346	-	9,802	3,601	-	13,749
At 31 March 2020	**-**	**92**	**5,451**	**1,447**	**600**	**109,567**	**16,721**	**-**	**133,878**
Net book value at 31 March 2019	**4,172**	**3,600**	**829**	**349**	**-**	**-**	**-**	**5,238**	**14,188**
Net book value at 31 March 2020	**4,362**	**2,645**	**764**	**132**	**-**	**-**	**-**	**1,161**	**9,064**

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

Valuations of head office land and buildings and properties that are held for operational purposes

are undertaken on a biennial basis (Note 1.12 to the Accounts). Changes in valuation are reflected as appropriate in land and buildings.

A valuation was undertaken of the head office land and buildings as at 31 March 2019 by external Chartered Surveyors (Lambert Smith Hampton, a multi-disciplinary chartered surveying practice) in accordance with Royal Institution of Chartered Surveyors' guidelines. The valuation of £2,825,000 is reflected above (current net book value of £2,775,000), with the next valuation due to be completed in March 2021. A gain of £190,000 was recognised through the Revaluation Reserve in 2018-19.

A valuation was undertaken of all properties held for operational purposes as at 31 March 2020 by external Chartered Surveyors (Valuation Office Agency – District Valuation Services) in accordance with Royal Institution of Chartered Surveyors' guidelines. The valuations totaling £924,000 are reflected above. A gain of £2,000 has been recognised through the Statement of Comprehensive Net Expenditure and £55,000 through the Revaluation Reserve in the year. All of these operational properties have now been transferred to Assets held for sale (Note 9 to the Accounts) as they are no longer required for operational purposes and are to be sold during 2020-21.

Costs incurred in the development, construction or refurbishment of mine water schemes and subsidence pumping stations are recognised as assets under construction until such time that they are brought into operational use, whereby the assets are then subject to an impairment review and impaired to nil with a charge being made to the Statement of Comprehensive Net Expenditure.

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

7. Investment properties

	2020 £000	2019 £000
Land		
Fair value at 1 April	542	232
Additions	-	111
Disposals	(293)	(5)
Transfer to Assets held for sale	(72)	(19)
Revaluations	153	223
Fair value at 31 March	**330**	**542**

The Coal Authority owns all of its investment properties and undertakes a 5 year rolling programme to ensure that all material investment properties are subject to an external valuation. 2019-20 is the third year of the current rolling programme.

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

As at 31 March 2019 certain properties valued at £19,000 identified as being held for sale were included within this note. A separate note (Note 9 to the Accounts) has now been included for Assets held for sale as a result of the increased size of this balance as at 31 March 2020.

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

8. Intangible assets

	Information technology £000	Software licences £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2019	19,406	1,366	172	20,944
Additions	210	39	236	485
Reclassifications	161	-	(161)	-
At 31 March 2020	**19,777**	**1,405**	**247**	**21,429**
Amortisation				
At 1 April 2019	17,167	1,334	-	18,501
Charged in year	817	15	-	832
Impairments	1	-	-	1
At 31 March 2020	**17,985**	**1,349**	**-**	**19,334**
Net book value at 31 March 2019	**2,239**	**32**	**172**	**2,443**
Net book value at 31 March 2020	**1,792**	**56**	**247**	**2,095**

The Coal Authority owns all of its intangible assets.

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

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

9. Assets held for sale

Non-current assets held for sale

	2020 £000	2019 £000
Land	91	19
Buildings	924	-
Balance at 31 March	**1,015**	**19**

Land comprises 8 packages of land, previously held under investment properties, which have been revalued during the year. One larger piece of land has been subject to an external valuation (Savills), with the remaining pieces of land revalued using appropriate property market indices (see note 7 to the Accounts).

Buildings comprises a number of specific regional properties which were previously used for operational purposes to provide temporary accommodation to members of the public whose own properties had been affected as a result of past mining activities. These properties are no longer required for operational purposes due to decreasing activity levels in the region. Proceeds from the sale of these properties will be paid into the UK Coal security fund to cover subsidence liabilities, as these properties relate to previously called-in security.

In January 2020, the directors approved a property disposal strategy for 2020-21, which incorporates all of the above assets, and are committed to the sale of these assets through private treaty or at auction.

10. Trade receivables, financial and other current assets

Amounts falling due within 1 year:

	2020 £000	2019 £000
VAT	424	424
Trade and other receivables	1,081	931
Prepayments	1,151	1,295
Accrued income	1,109	1,167
Expected credit losses	(361)	(60)
Balance at 31 March	**3,404**	**3,757**

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

Expected credit losses relate to amounts owed that have been assessed at a customer level as unrecoverable. 2020 balances have been assessed and reflect the increased economic uncertainty as a result of COVID-19.

11. Cash and cash equivalents

	2020 £000	2019 £000
Balance at 1 April	6,000	9,847
Net change in cash and cash equivalent balances	(892)	(3,847)
Balance at 31 March	**5,108**	**6,000**

The following balances were held at:

	2020 £000	2019 £000
Government Banking Services	5,108	6,000
Balance at 31 March	**5,108**	**6,000**

Cash balances incorporate £2,910,000 (2019: £4,894,000) of ring fenced funds held in a separate account. These ring fenced funds represent receipts from UK Coal following disclaiming the lease/licence for Thoresby Colliery and from bond providers following the termination of operations of ATH Resources PLC, Benhar Developments Ltd and Scottish Coal Company Ltd. The balances will be offset against the settlement of the operators' liabilities. Balances are to remain ring fenced until such time that all future liabilities are settled.

12. Trade payables and other current liabilities

Amounts falling due within 1 year:

	2020 £000	2019 £000
Other taxation and social security	591	500
Trade and other payables	752	1,046
Security fund payables	143	143
Liabilities in relation to called-in security	738	1,637
Amounts due to government (consolidated fund income)	472	53
Accruals	10,691	10,169
Deferred income	194	388
Balance at 31 March	**13,581**	**13,936**

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

The amounts due to government represent amounts still to be remitted to the consolidated fund (HM Treasury) once cash has been collected in relation to licensing activities. The balance consists of trade receivables of £26,000 (2019: £28,000), cash of £418,000 (2019: £nil) and accrued income of £28,000 (2019: £25,000). See Note 4.3 to the Accounts for further details.

Liabilities in relation to called-in security are in respect of the expected costs of settling future subsidence claims following the termination of operations and disclaiming of a lease/licence. (Called-in security is in the form of cash receipts or property assets. Cash receipts are ring fenced. Property assets generate further cash receipts on disposal. See Notes 6, 9 and 11 to the Accounts for further details). Amounts due within 1 year and after more than 1 year are in respect of UK Coal - Thoresby Colliery. Amounts due after 1 year are also in respect of ATH Resources PLC, Benhar Developments Ltd and the Scottish Coal Company Ltd.

Amounts falling due after more than 1 year:

	2020 £000	2019 £000
Security fund payables:		
In more than 1 year, but not more than 2 years	164	338
In more than 2 years, but not more than 5 years	108	107
In more than 5 years	1,173	1,166
	1,445	1,611
Liabilities in relation to called-in security:		
In more than 1 year, but not more than 2 years	410	790
In more than 2 years, but not more than 5 years	-	484
In more than 5 years	2,601	2,633
	3,011	3,907
Balance at 31 March	**4,456**	**5,518**

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

Analysis of movements on security fund payables:

	2020 £000	2019 £000
Opening balance - falling due within 1 year	143	72
Opening balance - falling due after more than 1 year	1,611	1,637
Opening balance	1,754	1,709
Invoiced and cash receipts	1	117
Bond proceeds transferred	-	70
Interest payable	9	9
Repayments	(105)	(150)
Utilisation	(71)	(1)
Movements during the year	(166)	45
Closing balance - falling due within 1 year	143	143
Closing balance - falling due after more than 1 year	1,445	1,611
Closing balance	**1,588**	**1,754**

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

	2020 £000	2019 £000
Opening balance - falling due within 1 year	1,637	2,958
Opening balance - falling due after more than 1 year	3,907	5,365
Opening balance	5,544	8,323
Bond proceeds transferred	(65)	(70)
Utilisation	(1,730)	(2,709)
Movements during the year	(1,795)	(2,779)
Closing balance - falling due within 1 year	738	1,637
Closing balance - falling due after more than 1 year	3,011	3,907
Closing balance	**3,749**	**5,544**

13. Provisions for liabilities and charges

	Mine water schemes £000	Public safety and subsidence £000	Subsidence pumping stations £000	Other property related provisions £000	Total 2019-20 £000	Total 2018-19 £000
Opening balance	1,822,000	279,000	138,000	58,000	**2,297,000**	4,326,000
Utilised against operating spend	(9,279)	(6,713)	(1,028)	(1,296)	**(18,316)**	(17,742)
Utilised against capital spend	(8,604)	-	(1,318)	-	**(9,922)**	(9,571)
Created/ (released)	54,210	28,768	(220)	8,978	**91,736**	701,521
Borrowing costs of provisions (unwinding of discount)	33,673	4,945	2,566	318	**41,502**	(69,208)
Discount rate changes	(82,000)	(6,000)	(7,000)	(1,000)	**(96,000)**	(2,634,000)
Closing balance	**1,810,000**	**300,000**	**131,000**	**65,000**	**2,306,000**	2,297,000

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

The provision for liabilities and charges at 31 March 2020 is £2,306.0 million (2019: £2,297.0 million). Forecast cash flows, which reflect latest assumptions within the Coal Authority's control, included within this provision before inflation and discounting are forecast at £2,275.0 million (2019: £2,174.0 million). Therefore, the impact of applying the HM Treasury specified rates is an increase of £31.0 million (2019: £123.0 million increase).

In calculating each provision at its present value, CPI (Consumer Price Index) inflation has been applied to cash flows that are based on 2020 prices and then nominal discount rates, as specified by HM Treasury, have been applied. Specified rates used are presented below:

HM Treasury Rates			2019-20	2018-19
CPI Inflation	Year 1		1.9%	2.0%
	Year 2		2.0%	2.0%
	Years 3-100		2.0%	2.1%
Nominal Discount Rate	Short term	Years 1-5	0.51%	0.76%
	Medium term	Years 6-10	0.55%	1.14%
	Long term	Years 11-40	1.99%	1.99%
	Very long term	Years 41-100	1.99%	1.99%

The change in rates has resulted in a decrease to the provisions balance of £96.0 million for 2019-20 (2018-19: decrease of £2,634.0 million).

Where provisions remain calculated over a period of 50 or 100 years, it is necessary to add another year onto the provisions to maintain that timeframe. Forecast cash flows associated with the additional year are £25.4 million (2018-19: £24.5 million).

Other key assumptions and sensitivities in establishing the provisions at 31 March 2020 are explained on the next pages.

Mine water schemes

The provision relating to mine water treatment schemes is £1,810.0 million (2019: £1,822.0 million).

In order to comply with legislation, including the Water Environment (Water Framework Directive) (England and Wales) Regulations 2003 and the Water Environment and Water Services (Scotland) Act 2003, a strategy has been developed to design and build a further 9 schemes by 2027 to remediate existing pollution identified by the Environment Agency (EA), Natural Resources Wales (NRW) and Scottish Environment Protection Agency (SEPA). A further 15 preventative schemes are programmed to be built to avoid new pollution based on scientific projections of water quality and levels.

The legislation includes the principle of disproportionate cost and since 2010-11 this principle has been applied in assessing the viability of remedial schemes, through cost benefit analysis. Schemes will be deferred whilst new technologies are sought to build schemes for a cost in line with the benefits generated. Should such technology not become available these schemes may not be built and are therefore not provided for. Currently 55 schemes (2019: 55 schemes) have been deferred, at average scheme build cost of £3.3 million and operating costs of £0.1 million per annum.

Cash flows over the next 100 years, before inflation and discounting, based on latest forecast and which are within the Coal Authority's control, total £1,785.1 million (2019: £1,719.5 million). Cash flows are calculated over 100 years as scientists have concluded that the conditions for causing pollution will continue and there is no foreseeable option to dispense with treatment schemes. These cash flows incorporate:

- the estimated cost of commissioning the build of future schemes at £81.7 million (2019: £76.1 million). The 10 year rolling programme for preventative scheme builds has been updated to include 2 new schemes. The programme, and associated cost, is subject to review with key stakeholders (Defra, NRW – Natural Resources Wales and SEPA – Scottish Environment Protection Agency)
- the estimated cost of a refurbishment programme and capitally maintaining schemes, including solar panel installation, maintenance and replacement, at £640.3 million (2019: £623.7 million). These costs relate to both existing and future schemes, and are reassessed each year to reflect changes to the future scheme build programme
- the estimated cost of operating schemes, which include efficiencies as they are delivered through an ongoing innovation programme, for the next 100 years at £1,063.1 million (2019: £1,019.7 million). These costs relate to both existing and future schemes (per the latest build programme), as they are built and become operational, and are reassessed each year based on experience and actual costs incurred. Operating costs at scheme level vary dependent upon the size and type of treatment scheme, the volume of water flow, as well as the chemistry and quality of the water. Operating costs remain subject to sustained pressure, particularly power and chemicals, leading to significant cost increases and include costs associated with the 2 new preventative schemes

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

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

Public safety and subsidence

The provision relating to public safety and subsidence activity is £300.0 million (2019: £279.0 million).

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

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

Cash flows over the next 50 years, before inflation and discounting, based on latest forecast and which are within the Coal Authority's control, total £295.3 million (2019: £268.7 million). Cash flows are calculated over 50 years as the Coal Authority expects to settle subsidence claims and surface hazards for a considerable period of time as the conditions for subsidence and surface hazards will always be in existence. These cash flows incorporate:

- the estimated costs for investigating and treating claims at £5.4 million per annum (2019: £4.8 million per annum). Costs are reassessed each year based on experience and actual expenditure incurred over periods of up to 10 years
- the estimated annual costs for the ongoing mine entry inspection programme through to 2024 at £0.5 million per annum (2019: £0.5 million per annum). Mine entry inspections and re-inspections are undertaken as part of a risk assessed rolling programme, and alternate every 5 years. The next 5 year cycles commence from 2025 at a cost of £0.7 million per annum and 2030 at a cost of £0.4 million per annum (2019: £0.7 million and £0.4 million per annum)

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

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

Subsidence pumping stations

The provision relating to subsidence pumping stations is £131.0 million (2019: £138.0 million).

Subsidence pumping station provisions relate to the costs of 83 pumping stations which control water on land affected by subsidence. This includes obligations under the Doncaster Drainage Act 1929.

Cash flows over the next 100 years, before inflation and discounting, based on latest forecast and which are within the Coal Authority's control, total £129.9 million (2019: £129.9 million). Cash flows are calculated over 100 years as scientific evidence indicates that due to the effects of subsidence, certain pumping stations will be required for a considerable period of time. These cash flows incorporate:

- the estimated cost of a refurbishment programme, which is due to complete by 2034, at £11.7 million (2019: £12.3 million). There is an ongoing requirement to continue refurbishment beyond 2034 and into the foreseeable future. This ongoing refurbishment programme has been incorporated at £0.6 million per annum (2019: £0.6 million per annum). The programme, and associated cost, is subject to review with key stakeholders (Environment Agency and Internal Drainage Boards)
- the estimated cost of operating these stations for the next 100 years at £0.7 million per annum (2019: £0.7 million per annum)

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

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

Other property related provisions

The provision relating to other property is £65.0 million (2019: £58.0 million).

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

These include the following items and associated cash flows, before inflation and discounting, reflecting latest assumptions:

- obligations under the Bridgewater Canal Act 1907 to maintain elements of the canal which have been affected by coal mining subsidence. A 50 year programme of works has been prepared and costs estimated at £34.1 million remain at 31 March 2020 (2019: £32.6 million)
- obligations under the 1994 Act, the Mines and Quarries (Tips) Act 1969 and the Mines and Quarries (Tips) Regulations 1971 to have regard to public safety. Tips may become insecure when water or ground conditions make them unstable. The Coal Authority has responsibility for 41 tips and keeps them secure, monitors water drainage, constructs tunnels and ponds to capture the water runoff and undertakes a regular programme of maintenance. Costs over the next 50 years have been forecast at £17.0 million (2019: £17.3 million), incorporating annual costs at £0.3 million per annum (2019: £0.3 million per annum). Beyond 50 years the inherent uncertainties of the future costs and timing of cash flows prevent provisions being made. Significant uncertainties beyond 50 years include the future costs of major repair projects following adverse weather conditions
- closed colliery site obligations are assessed to be £13.2 million (2019: £5.8 million) and relate to returning colliery sites to a condition that is safe and secure and consistent with any required planning permission or lease requirement. Amounts for dilapidations have been reviewed during the year, resulting in an increased provision of £7.6 million

Sensitivity of trends and assumptions

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

- should estimated future cash flows increase or decrease by £1.0 million per annum:
    - in relation to subsidence, surface hazards and tip management, the total provision over 50 years at current day prices would increase or decrease by £51.0 million (2%)
    - in relation to mine water schemes or subsidence pumping stations, the total provision over 100 years in current day prices would increase or decrease by £101.0 million (4%)
- Should inflation or discount rates as specified by HM Treasury change, there would be an impact on the provisions balance;
    - an increase in the inflation rates of 0.5% would increase the total provision held by £594.0 million (26%)
    - a decrease in the inflation rates of 0.5% would decrease the total provision held by £434.0 million (19%).
    - an increase in the discount rates of 0.5% would decrease the total provision held by £432.0 million (19%)
    - a decrease in the discount rates of 0.5% would increase the total provision held by £597.0 million (26%)

Analysis of timing of discounted flows:	**Mine water schemes**	**Public safety and subsidence**	**Subsidence pumping stations**	**Other property related provisions**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Up to 2021	24,375	5,654	1,997	1,266	**33,292**
Between 2021 and 2025	110,312	24,897	7,078	5,357	**147,644**
Between 2025 and 2040	302,142	92,573	20,650	20,078	**435,443**
Thereafter	1,373,171	176,876	101,275	38,299	**1,689,621**
Total	**1,810,000**	**300,000**	**131,000**	**65,000**	**2,306,000**

14. Capital commitments

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

	2020 £000	**2019 £000**
Land and buildings	680	-
Mine water schemes	959	856
Intangible assets	35	40
Total	**1,674**	**896**

Land and buildings commitments represent maintenance and refurbishment of Head Office buildings.

Mine water schemes represent amounts relating to the build and maintenance of metal mine water schemes, and are recoverable from Defra (Department for Environment, Food and Rural Affairs).

15. Commitments under leases

15.1 Operating leases (lessee)

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

	2020 £000	**2019 £000**
Land and buildings:		
Within 1 year	527	527
Between 1 to 5 years	1,807	1,887
After 5 years	12,118	12,565
	14,452	14,979
Other:		
Within 1 year	113	91
Between 1 to 5 years	145	123
	258	214
Total	**14,710**	**15,193**

Land and building leases represent commitments of future expenditure on property held for operational purposes and for the Coal Authority's disaster recovery offices. Of this future expenditure, £1,415,000 (2019: £1,591,000) represent amounts that will be recoverable from Defra (Department for Environment, Food and Rural Affairs) in relation to metal mine water schemes. The remaining balance is substantially included within the provisions balances provided for mine water schemes, subsidence pumping stations and other property related provisions (Note 13 to the Accounts).

Other leases represent commitments of future expenditure for vehicles and IT equipment.

15.2 Operating leases (lessor)

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

	2020 £000	2019 £000
Head office - freehold property:		
Within 1 year	185	180
Between 1 to 5 years	323	480
Total	**508**	**660**

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

16. Contingent liabilities

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

The above liabilities have been provided for within the Public Safety and Subsidence provision (Note 13 to the Accounts) based on analysis of trends and claims experience. However it is possible that significant, unexpected events outside of this provision may materialise. It is expected that any deficit will be covered by future allocations of grant in aid.

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

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

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

Environmental Information Regulations 2004

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

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

17. Contingent assets

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

18. Related party transactions

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

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

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

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

19. Events after the reporting period

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

Date accounts authorised for issue

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

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

1. This direction applies to the Coal Authority.
2. The Coal Authority shall prepare accounts for the financial year ended 31 March 2020 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 and the FReM Addendum 2019-20 issued by HM Treasury on 20 May 2020 (collectively referred to as "the FReM") which were 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 2020 and subsequent financial year-ends and of the income and expenditure, total recognised gains and losses and cash flows for the financial year then ended; and
   (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Department for Business, Energy and Industrial Strategy who will consult HM Treasury as necessary.
5. This Direction supersedes the Direction dated 30 April 2019.

Christopher Whelan

Assistant Director - Coal Liabilities Unit
(An official of the Department for Business, Energy and Industrial Strategy
authorised to act on behalf of the Secretary of State)
22 June 2020

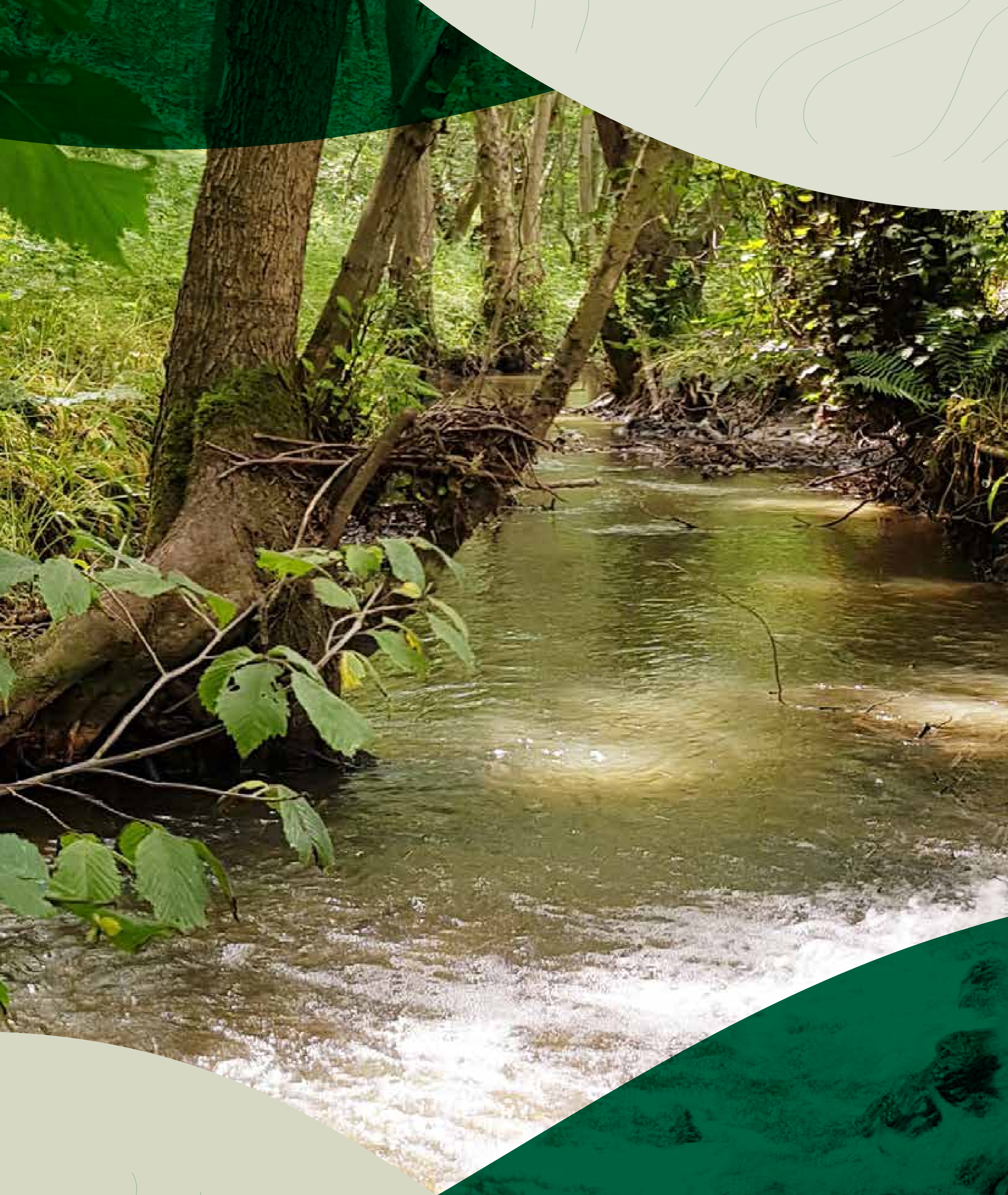


Photo:
Strafford mine water treatment scheme

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