

Financial Scrutiny and Audit Committee

AGENDA

5 July 2016

2:00pm

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1. To receive apologies for absence	
2. To note whether any items have been proposed as matters of urgent business	
3. To receive declarations of interest	
4. To receive and confirm the minutes of the Financial Scrutiny and Audit Committee meeting held on 9 February 2016 (herewith)	3 – 10
5. Public Question Time To note whether any questions have been raised by members of the public	

FINANCIAL SCRUTINY

6. Annual Governance Statement 2015/16 Report by Solicitor and Monitoring Officer (herewith)	11 – 27
7. Draft Unaudited Statement of Accounts 2015/16 Report by Head of Finance (herewith)	28 – 116
8. Internal Audit Annual Report and Opinion 2015/16 Report by Head of Internal Audit (herewith)	117 – 140
9. Investment Strategy and Performance Annual Report 2015/16 Report by Treasurer and Financial Adviser (herewith)	141 – 142
10. External Funding Strategy Report by Head of Strategy and Projects (herewith)	143 – 150
11. Tolls Review Report by Chief Executive (herewith)	151 – 154

AUDIT

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| 12. | External Audit
Report by Head of Finance (herewith) | 155 – 171 |
| 13. | Implementation of Internal Audit Recommendation and Summary of Progress
Report by Head of Finance (herewith) | 172 – 185 |

RISK MANAGEMENT

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| 14. | Review of Code of Conduct for Members
Report by Solicitor and Monitoring Officer | 186 – 212 |
| 15. | Risk Analysis
Report by Chief Executive (herewith) | 213- 215 |
| 16. | To consider any other items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B (4) (b) of the Local Government Act 1972 | |
| 17. | To answer any formal questions of which due notice has been given | |
| 18. | To note the date of the next meeting – Tuesday 27 September 2016 at 2.00pm at Yare House, 62-64 Thorpe Road, Norwich | |

Broads Authority

Financial Scrutiny and Audit Committee

Minutes of the meeting held on 9 February 2016

Present:

Mr Guy McGregor (Chairman)

Mr Louis Baugh
Prof. Jacquie Burgess
Sir Peter Dixon

In Attendance:

Ms Esmeralda Guds – Administrative Officer
Miss Emma Krelle – Head of Finance
Ms Andrea Long – Director of Planning and Resources
Dr John Packman – Chief Executive

Also in Attendance:

Ms Emma Hodds - Head of Internal Audit Consortium
Mr Mark Russell - External Audit Ernst Young LLP

1/1 Apologies for Absence

Apologies for absence were received from Michael Whitaker, Nigel Dixon, Jill Penn and Kevin Suter.

1/2 Appointment of Vice Chair

The Chairman invited nominations for the position of Vice Chairman for the forthcoming year.

It was proposed and duly seconded that Mr Nigel Dixon be appointed as Vice-Chairman.

There being no other nominations, it was

RESOLVED

that Mr Nigel Dixon be appointed as Vice-Chairman of the Financial Scrutiny and Audit Committee for the forthcoming year.

1/3 Matters of Urgent Business

There were no items being proposed as matters of urgent business.

1/4 Declarations of Interests

Members expressed declarations of interests as set out in Appendix 1 to these minutes.

1/5 To receive and confirm the minutes of the Financial Scrutiny and Audit Committee meeting held on 22 September 2015 (herewith)

The minutes of the meeting held on 22 September 2015 were approved as a correct record and signed by the Chairman.

1/6 Public Question Time

No questions were raised by members of the public.

1/7 Investment Strategy Performance Six Monthly Report 2015/16

This report set out details of the Authority's investment of surplus cash, including the investment principles adopted and performance during the six months to 30 September 2015 and included a review of the performance in 2014/15.

The Head of Finance informed the Committee that the interest rate continued to remain low but since the National Park Grant settlement the possibility of fixed term deposits was something the Authority could look at.

Members considered whether the Authority should remain in a Service Level Agreement with Broadland District Council or whether working with other district councils could prove to be more profitable.

The Head of Finance pointed out that the reason for opting with BDC was because they used to do our payroll and continued to provide us with a Treasurer and Financial Adviser.

Further it was pointed out that the majority of councils banked with Barclays Bank as the Authority does and therefore were offered the same rate. However the Head of Finance said that she would look into the alternatives and options open to them and would report back to the Financial Scrutiny and Audit Committee.

Members noted the report.

1/8 Draft Budget 2016/17 and Financial Strategy to 2018/19

Members were provided with a report which set out information for the Financial Scrutiny and Audit Committee to consider the consolidated income and expenditure budget for 2016/17 and a three year Financial Strategy to 2018/19. The latter was based on the four-year settlement for National Park Grant, the adopted overall 4.5% increase in navigation charges for 2016/17 and an assumption of 2.5% per annum increase in the subsequent two years.

Members noted that Volunteer costs had been transferred from Operations to Planning and Resources from 2015/16 onwards. In regards to pension deficit they recognised that the Authority had no control over the pension lump sum deficit which was forecast to increase at 22% per annum, however the next triennial valuation would set the contribution for the next three years from 1 April 2017.

A further issue was the appointment of a Solicitor and Monitoring Officer. It was explained that although there were advantages and disadvantages to both options of appointing legal services in-house or contracting someone from outside, the Authority believed the benefits of having a solicitor on hand would outweigh the disadvantages and therefore would try and recruit a Solicitor and Monitoring Officer.

It was noted however that if the Authority was unsuccessful it would test the market and be open to proposals from other providers of legal services in addition to Nplaw. It was clarified that splitting the role (having a separate Solicitor and Monitoring Officer) would not save money and would decrease the chance of finding a suitable applicant.

Members noted that the legal budget forecast had been increased this year by £20,000 to fund exceptional items. They were asked to consider whether the legal budget should remain at £80,000 for contractors or reduced back to £60,000. Members deliberated whether the legal challenges the Authority was currently experiencing were now the norm and whether the budget held enough funds to manage those challenges.

In response the Chief Executive clarified that as a local planning authority, the level of potential legal costs were difficult to predict, and would vary considerably from year to year.

It was agreed to leave the budget at £60,000 for contractors as there are currently too many unknowns. If the Authority was unsuccessful in appointing a new Solicitor and Monitoring Officer the salary part of the budget could be utilised for contractors.

The Navigation Committee had been keen that items of expenditure were scrutinised, for example the costs of the Dockyard. The Chief Executive responded that all budgets were regularly reviewed but that there was limited management time available for a fundamental review of all budgets.

The Committee indicated that a more productive way forward was for officers to investigate the scope for identifying benchmarks for key areas of activity so that value for money could be tested by reference to similar organisations. Officers agreed to take this forward.

In light of the positive outcome for National Park Grant, it was questioned whether the current levels of reserve were necessary and whether some of the funds could be used for improving or opening new Tourist Information

Centres (TIC) or be put towards bike/walk routes or sustainable tourism. The Chief Executive suggested that the Broads Plan should help guide priorities for expenditure and that forthcoming announcements would probably give guidance on the Government's priorities.

Members welcomed the favourable National Park Grant settlement and noted that the Chair of the Authority had written to the National Parks Minister expressing thanks from Members and officers for his efforts and personal commitment to their work.

Members scrutinised both the draft budget for 2016/17 and the draft Financial Strategy and supported its adoption at the March meeting of the Authority.

Members considered the Earmarked Reserves Strategy for the period 2016/17 to 2018/19, and recommended that the Authority approved the proposed contributions to and from Earmarked Reserves for the period 2016/17 to 2018/19.

1/9 Consolidated Income and Expenditure: 1 April to 31 December 2015 Actual and 2015/16 Forecast Outturn

Members received a report which provided them with details of the actual income and expenditure for the nine month period to 31 December 2015, and a forecast of the projected expenditure at the end of the financial year (31 March 2016).

Members noted that as last year, the variances existed due to timing differences. It was further explained that the Prisma reserve needed to be left open until a final bill in Euros had been processed, the amount of which would depend on the exchange rate at the time. The balance would then be transferred to the Plant, Vessels and Equipment budget as part of the year end Statement of Accounts.

Members noted the report.

1/10 Internal Audit Strategic and Annual Audit Plan 2016/17

Member received a report which provided an overview of the stages followed prior to the formulation of the Internal Audit Plan 2016/17.

The Annual Internal Audit Plan served as the work programme and initial terms of reference for the Authority's Internal Audit Services Contractor, TIAA Ltd, and provided the basis upon which the Internal Audit Consortium Manager would subsequently give an Annual Audit Opinion for 2016/17.

In respect of the National Park Partnerships it was agreed that the auditor should look at external funding as well as sponsorship, in order to make the most of the 4 days allocated.

Members approved the updated Internal Audit Charter; the updated Internal Audit Strategy for 2016/17 and the Annual Internal Audit Plan for 2016/17.

Members noted the Performance Management measures for the Internal Audit Contractor.

1/11 External Audit

Mark Russell informed members that the engagement team was led by Kevin Suter, the new Audit Director, who had to send his apologies. He introduced himself as the new Assistant Manager and said he was responsible for the day to day direction of audit work and would be the key point of contact for the Head of Finance.

It was highlighted that the Audit Letter was a summary of what was delivered in September 2015.

In regards to materiality it was explained that as the previous year, the overall materiality for the financial statement of the Authority was £148,000, which was based on 2% of gross expenditure. It was further pointed out that uncorrected audit misstatement greater than £7,000 would be communicated back to the Authority.

It was noted that the indicative fee scale for the audit of the Broads Authority was still at £13,943.

The External Auditor informed Members that there were about twelve key areas when looking for value for money and that only one area of risk was identified, the risk of management override. He confirmed that this was not a bench marking process.

Members were reminded that this year was a trial run to meet the new deadline for the production and audit of the Statement of Accounts. This had been brought forward by the Government which will officially be the end of July 2017. The Head of Finance explained that the trial run this year would help plan for the official change from 2017.

It was noted that process for verifying items of stock had a big impact on the new deadline. It is hoped that this process will be streamlined prior to 2017 in consultation with the auditors.

Members noted the report.

1/12 Implementation of Internal Audit Recommendations – Summary of Progress

Members received a report which updated them on progress in implementing Internal Audit recommendations arising out of audits carried out since 2014/15 and 2015/16.

The Head of Finance highlighted that in respect of the Planning Audit there had been slight changes in how priorities were rated. A member queried whether the audit results needed to also go to the Planning Committee; however it was confirmed that this was not required.

Members noted that two “important” recommendations had been implemented and the one “needs attention” recommendation remained outstanding but was still on target to be completed by the agreed date.

Members noted the report.

1/13 Review of Strategic Risk Register

Members received a report which appended the Authority’s updated Strategic Risk Register.

Members were reminded that in the last agenda for the Broads Authority three reports where there were significant risks included a specific risk analysis. The Risk Register had been reviewed by Management Team and Management Forum (all the section heads) to see whether the register could be simplified. They considered whether all risks were identified and updated the Register.

One of the items identified by Members was the risk posed by an outdated governance regime. It was suggested that the Code of Conduct for Members needed to be reviewed.

The Chief Executive suggested that a workshop could be held in the autumn after the new members had been appointed.

Members noted the report.

1/14 Counter Fraud, Corruption and Bribery Strategy

Members received a report which provided a revised Counter Fraud, Corruption and Bribery Strategy. The Strategy now included references to money laundering and an update of job titles.

Members were informed that apart from some toll payers paying in cash, the Authority didn’t receive large amount of cash.

Members adopted the report.

1/15 To consider any other items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B (4) (b) of the Local Government Act 1972

There were no further items of business which the Chairman decided should be considered as a matter of urgency pursuant to Section 100B (4) (b) of the Local Government Act.

1/16 Formal Questions

There were no formal questions of which due notice had been given.

1/17 Date of the next meeting

Members noted the date of the next Committee meeting would be held on Tuesday 5 July 2016 at Yare House, 62-64 Thorpe Road, Norwich, commencing at 2:00pm.

The meeting concluded at 3.29 pm

CHAIRMAN

APPENDIX 1

Declaration of Interests

Committee: Financial Scrutiny and Audit Committee

Date of Meeting: 9 February 201

Name Please Print	Agenda/ Minute No(s)	Nature of Interest (Please describe the nature of the interest)	Please tick here if the interest is a Pecuniary Interest ✓
Guy McGregor		Member of SCC	

**Financial Scrutiny and Audit
Committee**

5 July 2016

Agenda Item No 6

Annual Governance Statement 2015/16

Report by Solicitor and Monitoring Officer

Summary: This report explains the legal requirement, background and purpose of the Annual Governance Statement, and the requirement to carry out an annual review of the Authority's systems of internal control and governance arrangements. The draft Annual Governance Statement for 2015/16 is attached, for members' consideration.

I have recently taken up post of Monitoring Officer and the following information has been obtained by me from the governance and internal audit documentation produced and maintained by the Authority and to which I have referred throughout and enquiries which I have made of officers and others in relation to the implementation of the Action Plan.

The previous Annual Governance Statement was dated 25 September 2015

Recommendations:

- (i) That the views and comments of the Authority are sought on the internal control systems and governance arrangements in place.
- (ii) That the Annual Governance Statement for 2015/16 and Action Plan for 2016/17 are approved, subject to any amendments or additions recommended by the Internal Audit report due by 8 July 2016 or as the Authority may wish to make.
- (iii) That the Authority confirms, subject to implementation of the improvements identified in the Action Plan, that the Authority's internal control systems and governance arrangements are considered to be adequate and effective.
- (iv) That the Authority notes likely forthcoming changes to the CIPFA/SOLACE governance framework during 2016 and that these are likely to require a consequential review and update of key Authority governance documents.

1 Introduction

- 1.1 The Accounts and Audit (England) Regulations 2011 as amended by the Accounts and Audit Regulations 2015 ("the Regulations") contain a requirement that an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, must be approved 'by the relevant authority' (in this case the Broads Authority) and must accompany the Statement of Accounts.

- 1.2 The Regulations specify a date for publication of an Annual Governance Statement no later than 31 July of the financial year immediately following the end of the financial year to which the Statement relates. This date will apply from 2017/18.
- 1.3 The implementation of the Regulations is undertaken by the Authority following advice, guidance and recommendations of the Chartered Institute of Public Finance & Accountancy (CIPFA) in particular the CIPFA/SOLACE joint working group framework '*Delivering Good Governance in Local Government*'. In the light of the Accounts and Audit Regulations 2015 a new CIPFA/SOLACE framework is due to be published during 2016, which the Authority will then follow.
- 1.4 The Regulations require local authorities to conduct a review at least once a year of the effectiveness of their systems of internal control and risk management, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses. The Regulations require an authority to ensure that it has a sound system of internal control which:-
- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) ensures that the financial and operational management of the authority is effective; and
 - (c) includes effective arrangements for the management of risk
- 1.5 In addition, the Public Sector Internal Audit Standards (PSIAS), which replaces the CIPFA Code of Practice for Internal Audit, require the Chief Audit Executive to provide a written report to those charged with governance to support the Annual Governance Statement. This report must set out:
- The opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control during 2015/16, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS); and
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.
- 1.6 The Opinion of the Head of Internal Audit for 2014/15 was set out in a report considered by the Financial Scrutiny and Audit Committee at its meeting on 7

July 2015, and the key findings were summarised in the previous Annual Governance Statement. The overall opinion was that the framework of governance, risk management and control at the Broads Authority was deemed to be adequate, representing a stable control environment. The Authority also received 2 good assurance levels in respect of Corporate Governance & Risk Management and Key Controls & Assurance.

- 1.7 A further annual report setting out the Opinion of the Head of Internal Audit will be available for the AGM of the Authority on 8 July 2016. A draft of that report has been seen and its conclusions are that no issues have arisen which require disclosure within the Annual Governance Statement. The draft Annual Governance Statement sets out further details from the annual report and any recommendations and improvements are contained in the Action Plan for 2016/17 (a number of recommendations contained in the annual report had already been undertaken and completed at the time of this report and where that is the case, they have not been included on the Action Plan).
- 1.8 Internal Audit work during the year has not identified any weaknesses that are significant enough for disclosure within the Annual Governance Statement.
- 1.9 Once agreed, the Annual Governance Statement should be signed by the Chairman of the Authority and the Chief Executive.

2 Code of Corporate Governance

- 2.1 The Authority's systems for delivering good governance are set out in the Code of Corporate Governance which was adopted by the Broads Authority at its meeting in November 2009. This document was prepared in accordance with the guidance set out in the CIPFA/SOLACE framework '*Delivering Good Governance in Local Government*'. ("the Framework")
- 2.2 The principles and standards set out in the Framework are aimed at helping local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of business. The Framework emphasises the importance of good governance to the wider outcomes of good management, good performance, and good public engagement. It puts high standards of conduct and leadership at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, and so set the tone for the rest of the organisation.
- 2.3 The Authority's Code of Corporate Governance is updated annually, as part of the process of preparing the Annual Governance Statement, and is signed by the Chairman and Chief Executive.
- 2.4 Where new evidence has been identified in the Code, to contribute towards the Authority's governance arrangements, this has been included in the 2016/17 Action Plan, in order to monitor progress and ensure that it is implemented.

3 Role of the Chief Financial Officer

3.1 In 2010 CIPFA issued a document entitled '*The Role of the Chief Financial Officer in Local Government*'. The Statement supports CIPFA's work to strengthen governance and financial management across the public services, and sets out five principles that define the core activities and behaviours that belong to the role of Chief Financial Officer (CFO) in local government and the governance requirements needed to support them. These are set out in paragraphs 3.2 and 3.3 below.

3.2 The CFO in a local authority:

- is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the authority's financial strategy;
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

3.3 To deliver these responsibilities the CFO:

- must lead and direct a finance function that is resourced to be fit for purpose;
- must be professionally qualified and suitably experienced.

3.4 It is further recommended that, in their Annual Governance Statements, local authorities should 'include a specific statement on whether the authority's financial management arrangements conform with the guidance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact'. This statement is set out in paragraphs 3.13 to 3.16 of the Annual Governance Statement.

4 Annual Review of Governance Arrangements

4.1 The production and publication of the Annual Governance Statement is the result of an on-going review of the adequacy of internal control systems and governance arrangements, and is not an activity which should be viewed in isolation.

4.2 The review has been informed by the work of officers of the Authority, who have responsibility for the maintenance and review of the internal control environment, internal audit reports and the recommendations made by external auditors and inspectors. The review of Partnership arrangements and the review of the Strategic Risk Register also contributes towards the review.

- 4.3 Where significant weaknesses have been identified these are set out in the Action Plan (Appendix 1b). It should be noted that this Action Plan does not cover all the activities which will be undertaken during the year and which will contribute towards good governance, but focuses on those activities, and especially new initiatives and those issues identified by auditors, which will address weaknesses, ensure continuous improvement of the system and generally 'add value' to the arrangements.
- 4.4 A copy of the 2015/16 Action Plan is also appended (Appendix 2), with progress to date added. Where the appropriate action is still outstanding, it has been carried forward into the 2016/17 Action Plan.
- 4.5 The Financial Scrutiny and Audit Committee shall review the Annual Governance Statement and Action Plan at its meeting on 5th July 2016 and should there be any amendments proposed by the Committee, those amendments along with the Committees' recommendations shall be presented to the Authority for approval.

5 Summary

- 5.1 The Authority is asked:
- to review and comment on the internal control systems and governance arrangements in place;
 - to approve the Annual Governance Statement and confirm that it represents a true reflection of the control environment present in the Authority; and
 - to confirm that, subject to implementation of the improvements identified in the Action Plan, these are adequate and effective.
- 5.2 The Action Plan will be implemented during 2016/17 in order that there is on-going review and improvement of the systems of internal control and governance arrangements. Progress in implementing the Action Plan will be reported in the next Annual Governance Statement.

Background papers: CIPFA Annual Governance Statement Rough Guide for Practitioners
Internal Audit Annual Report and Opinion 2015/16
Broads Authority Code of Corporate Governance

Author: David Harris
Date of report: 20 June 2016

Broads Plan Objectives: None
Appendices: APPENDIX 1a– Annual Governance Statement 2015/16
APPENDIX 1b – 2016/17 Action Plan
APPENDIX 2 – 2015/16 Action Plan: Summary of Progress

Broads Authority

Annual Governance Statement 2015/16

1 Scope of Responsibility

- 1.1 The Broads Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework '*Delivering Good Governance in Local Government*'. A copy of the Code is on the Authority's website at www.broads-authority.gov.uk or can be obtained from the Monitoring Officer at Yare House, 62-64 Thorpe Road, Norwich NR1 1RY. This statement explains how the Authority has complied with the Code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, the Accounts and Audit (England) Regulations 2011 and the Accounts and Audit Regulations 2015, in relation to the publication of an Annual Governance Statement.

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes for the direction and control of the Authority and its activities through which it accounts to, and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Broads Authority for the year ended 31 March 2016 (except where otherwise stated) and up to the date of finalising this statement on 20 June 2016. We are expecting CIPFA/SOLACE to publish a new governance framework later in 2016, so it is likely that this will involve a comprehensive review of the Code of Corporate Governance, the Annual Governance Statement and the review of evidence schedule.

3 The Governance Framework

- 3.1 At its meeting on 20 November 2009, the Broads Authority adopted a Code of Corporate Governance in accordance with guidance in the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'.
- 3.2 The Framework also included a number of supporting principles and suggestions for source documents/good practice that may be used to demonstrate compliance. These have been used by the Authority in developing its Code.
- 3.3 The purpose of the Code is:
- to develop a framework for Corporate Governance for the Authority based on good practice and external guidance;
 - to demonstrate compliance with the principles of good governance; and
 - to continuously improve its effectiveness through an annual review of performance against the framework with an action plan to address weaknesses (as set out in the Annual Governance Statement).
- 3.4 The Code sets out how the Authority delivers good governance, using as its basis the objectives set out in the CIPFA/SOLACE Framework, supported by examples of evidence which demonstrate the actions being taken.
- 3.5 At its meeting on 13 May 2011 the Broads Authority adopted the Broads Plan 2011, the strategic five year plan for the management of the Broads. As part of the development of the new Plan the Authority consulted key stakeholders (including the Broads Forum, which includes representatives of over 50 Broads organisations and user groups), partner organisations and members of the public. The Plan contains a revised vision for the Broads, for the period up to 2030, together with long-term aims, and strategic objectives for the five year period up to 2016. The Plan can be viewed at the following link: <http://www.broads-plan.co.uk/>. Work has commenced on reviewing this plan with an anticipated adoption date of March 2017 for the new Plan. Consultation was undertaken on a draft Broads Plan during February to April 2016 and a revised draft will be available for further consultation in October 2016.
- 3.6 The Authority has in place a number of procedures to ensure that it obtains best value for money in all that it does, including Financial Regulations, Standing Orders Relating to Contracts and a Procurement Strategy. These are all reviewed and updated on a regular basis, with the Financial Regulations and Standing Orders Relating to Contracts having been updated on 15 May 2015 to reflect the transition to two Directorates. In addition the Authority adopted a Counter Fraud Bribery and Corruption Strategy in June 2012 to supplement these procedures, which was updated on 9 February 2016. The Authority is currently benchmarking some of its key services against those of national park authorities, through an exchange of information. Further benchmarking is being undertaken through the identification of a number of performance indicators, supplemented by a number of 'local' (Broads Authority only) indicators. Benchmarking data for dredging has been the subject of some initial work, (as set out in Appendix 1 to the minutes of the Broads Authority meeting on 18 March 2016). Over time this benchmarking will give an indication of how well the Authority is performing in these areas, both year on year and in comparison with national park authorities.

- 3.7 The Authority also has in place a series of internal financial controls, including approved budgets, separation of duties and authorised signatures, to reflect good practice and ensure that its finances are managed securely to minimise risk.
- 3.8 The views of users have been sought through a number of means, including the visitor centres annual survey, inviting comment and feedback at parish forums, an on-going survey of users of the corporate website and the annual Broads Outdoors Festival feedback forms. In 2014, a stakeholder survey of hire boat operators, private boat owners, residents and visitors took place. Members support the view of repeating this exercise in 2019 as part of strategic approach in formulating its Broads Plan and its priorities for that following five year period. Public consultation exercises have also been undertaken during February and April 2016 on the draft Broads Plan and the issues and Options of the Broads Local Plan. All comments received have been made publicly available.
- 3.9 The Authority communicates the results of surveys, and other relevant information, through its website and social media and through its regular publications Broad Sheet (aimed at toll payers), Broadcaster and the Annual Report.
- 3.10 All matters, other than the planning committee and those matters specifically delegated to the Chief Executive, are dealt with by the full Broads Authority, which is the prime decision maker. The Authority monitors the effectiveness of internal control systems through the consideration of regular performance management and budget monitoring reports, and through monitoring and receiving reports on the work of the Financial Scrutiny and Audit Committee.
- 3.11 The terms of reference of the Financial Scrutiny and Audit Committee include responsibility for financial scrutiny, including a review of the Statement of Accounts and Annual Governance Statement, financial planning, audit and risk management.
- 3.12 The Authority has commenced the process for the appointment of 2 Independent Persons, as required by the Localism Act 2011, with this process expected to be complete and appointments made at the Authority's AGM on 8 July 2016. These appointments will assist in the Authority attaining high ethical standards.
- 3.13 The Authority has appointed the Head of Finance and Revenue Services at Broadland District Council to act as its Treasurer and Financial Adviser ('the Treasurer'), to be responsible for the proper administration of the Authority's financial affairs, as set out in Section 17 (1) of the Norfolk and Suffolk Broads Act 1988. The Treasurer has a defined job description, appropriate delegated powers, works closely with senior officers of the Authority (in particular the Director of Planning and Resources and Head of Finance), receives all committee papers which have potentially significant financial implications, and attends Broads Authority meetings as and when appropriate to provide high level strategic and financial advice.
- 3.14 The Treasurer is professionally qualified and suitably experienced. Although not a member of the Authority's Management Team, she has access to the Chief Executive and Director of Planning and Resources and is entitled to attend meetings of the Management Team should she consider it to be necessary.
- 3.15 The Treasurer is supported by the Director of Planning and Resources and the Head of Finance, who are both members of the Management Team and who work closely with the Treasurer in overseeing the Authority's strategic financial arrangements. The Head of Finance manages the financial arrangements and internal financial controls on a day to day basis and in the last 12 months has obtained her ACCA qualification.

- 3.16 Although these arrangements do not comply in all respects with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, they are considered to be appropriate and proportionate for the size and budget of the Authority, and have worked successfully for many years, representing a good example of partnership working between local authorities.
- 3.17 The Chief Executive is responsible for day to day management and maintenance of internal controls within the Authority, with advice and support from the Treasurer and Financial Adviser, Solicitor and Monitoring Officer, and other senior officers.
- 3.18 The Authority's governance has also been strengthened by the appointment of an in-house solicitor as Monitoring Officer from 31 May 2016, with the Monitoring Officer having independent reporting as necessary to the Chief Executive, Management Team and Members.
- 3.19 There are clear Terms of Reference which set out the powers reserved to the Broads Authority and its committees, and a Scheme of Powers Delegated to Officers, which sets out the powers delegated to the Chief Executive and other senior officers. These were both updated by the Authority on 22 March 2013 and are due for a further review in September 2016.
- 3.20 The Authority has in place a Whistle Blowing Policy which enables staff to raise concerns or issues about any aspect of the Authority's work, and a formal Complaints Procedure for receiving and investigating complaints from members of the public. Both documents have been updated in April 2013 to reflect the transition to two Directorates and are on the Authority's Intranet; the latter is also on the Authority's website. There were eleven formal complaints received during this period (as against sixteen in 2014/15) and a summary of the complaints and responses were provided to the Authority on 13 May 2016. Of these eleven complaints, one was addressed by the Local Government Ombudsman and the remainder were addressed by officers. Seven complaints were planning related, three complaints related to the conduct of employees, and one related to the payment of tolls. The Local Government Ombudsman investigated one matter and did not uphold the complaint. Two complaints resulted in an apology. There were no complaints which were findings of maladministration against the Authority.
- 3.21 The Authority's Strategic Risk Register is reviewed six monthly by risk owners and by the Management Forum so that the Management Team can provide assurance that key strategic and operational risks have been identified, monitored and reviewed during the year and that key controls to mitigate the identified risks have operated effectively throughout the year. It is also on the agenda of the Financial Scrutiny and Audit Committee for each meeting. In addition the Risk Management Strategy is reviewed annually. The resilience of the Authority was increased due to steps taken in FY 2013/14, with the completion of the ICT Disaster Recovery Plan to reflect the move from the Ludham Field Base, the generation of the Finance Business Continuity Plan and the review of the Business Continuity Plan through a table top management exercise. In relation to the 2016/17 Action Plan there is a requirement of direct linking of the Strategic Risk Register to the Strategic Objectives and Annual Strategic priorities, with a gap analysis completed, which will strengthen governance. Also, it is anticipated that forthcoming CIPFA/SOLACE Framework guidance will provide further guidance to all authorities on implementing the risk management provisions found in Regulation (c) of the Accounts and Audit Regulations 2015.

- 3.22 A Partnerships Protocol and Register of Partnerships have been developed, and the Management Team has identified and reviewed the governance arrangements in respect of all significant partnerships, with identified weaknesses being addressed through an Action Plan, with responsibility for action and timescales. It has also been agreed to provide an annual report on Partnerships to the Broads Authority. This will be provided in September 2016.
- 3.23 The Authority has data of all its land and property assets have on a consolidated Excel database and an Asset Management Strategy which includes a full asset disposal policy.
- 3.24 Following the 2012/13 Review of Consultative Arrangements and Community/Stakeholder Engagement, Parish Forums were established as a primary community engagement mechanism. The revised Broads Forum arrangements have also been put in place, allowing engagement on a wide range of issues with a large group of stakeholders. In 2014/15 as part of audit recommendations the Broads Forum examined the effectiveness of the measures that had been put in place and concluded that they were working well. A final report on this was made in March 2015.
- 3.25 Following an audit into its planning function, the Authority has produced a Local Enforcement Plan which sets out how well it will react to reports of unauthorised development taking place. This was presented to the Planning Committee in May 2016 and is due to be adopted by the Broads Authority in July 2016.
- 3.26 The Solicitor and Monitoring Officer is currently undertaking a review of the Members' Code of Conduct, with a report and proposals to be presented to the AGM on 8 July 2016.

4 Review of Effectiveness

- 4.1 The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 As part of this exercise the Authority reviews the Code of Corporate Governance on an annual basis. The annual review includes consultations with the Management Team, the Solicitor and Monitoring Officer, the Treasurer and Financial Adviser and the Chair of the Financial Scrutiny and Audit Committee. Other senior officers are also invited to contribute.
- 4.3 The Treasurer and Financial Adviser have provided an assurance that, subject to the weaknesses already identified and addressed in the Action Plan, the Authority's governance arrangements are adequate and are operating effectively. They have confirmed that there have been no significant control issues that have required the need for formal action in their respective roles.
- 4.4 The Solicitor and Monitoring Officer has been asked to provide an annual ethical assessment of the activities of the Authority and what, if necessary, the Authority could do to improve its ethical standards. The previous Solicitor and Monitoring Officer concluded that 'the ethical standards of the Authority continue to be high' and

this will be the subject of a further review by the new Solicitor and Monitoring Officer in the Action Plan for 2016/17.

- 4.5 Internal audit reports are considered by the Management Team and other officers as appropriate, and a management response is submitted in respect of each recommendation, setting out whether the recommendation is accepted, what action will be taken, which officer is responsible and the timetable for action. Each audit report contains an independent assurance of opinion on the adequacy and effectiveness of controls in place to mitigate risks. The agreed actions are followed up subsequently to ensure implementation, thus ensuring that the Authority's risks are properly managed. A summary of all internal audit work carried out during the year is received by the Financial Scrutiny and Audit Committee, together with regular reports setting out progress made in implementing internal audit recommendations. Any significant issues of concern are brought to the attention of the the Broads Authority.
- 4.6 The Authority has developed a strategic three year audit plan for the Authority, using a risk based approach, supplemented by an annual audit plan.
- 4.7 The Accounts and Audit (England) Regulations 2011 as amended by the Accounts and Audit Regulations 2015 require that "the authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance". The aim is not only to make the Authority more aware of the work of Internal Audit and its key role in governance, but also to make those charged with governance more able to understand the connection between, and the Authority's responsibility for, risk management, internal control and the function of internal audit. This review was the subject of a separate report to the Financial Scrutiny and Audit Committee at its meeting on 7 July 2015. The Committee concluded that proper arrangements had been put in place to comply with the statutory requirements relating to Internal Audit, and that the system of internal control at the Authority was effective.
- 4.8 In order for the Broads Authority to be able to place reliance on the opinions contained within this report, the Head of Internal Audit has in place an assurance framework to assess the effectiveness of Internal Audit which includes; :
- the level of compliance with the Public Sector Internal Audit Standards (PSIAS) and the results of any quality assurance and improvement programme,
 - the outcomes of the performance indicators (as per the contract) and
 - the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.
- 4.9 Additionally the Authority is informed of the work of the appointed auditors and inspectors, including receipt of the Annual Governance Report and annual audit and inspection letter. The Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable.
- 4.10 The Authority has received the Annual Report and Opinion 2015/16 of the Head of Internal Audit. It is the overall opinion that the framework of governance, risk

management and control at the Broads Authority is deemed for 2015/16 to be *Reasonable assurance, indicating a continued stable control environment, with some improvements needed to enhance the controls to mitigate associated risks.*

- 4.11 The Authority has also received a *Substantial* assurance level in respect of *Corporate Governance & Risk Management* for 2015/16.
- 4.12 The new audit grading definitions for this year are Substantial Assurance (highest), Reasonable Assurance, Limited Assurance and No Assurance (lowest). Reasonable assurance was previously called Adequate.
- 4.13 The Head of Internal Audit reports that for 2105/16 that *Internal Audit work has not identified any weaknesses that are significant enough for disclosure within the Annual Governance Statement.*
- 4.14 The Authority is advised on the implications of the result of the review of the effectiveness of the governance framework by the Financial Scrutiny and Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5 Significant Governance Issues

- 5.1 An Action Plan has been developed in order to address any governance issues which have been identified as needing review or improvement and to secure continuous improvement in the Authority's governance arrangements. This is set out at Appendix 1b in two parts. Recommendations in the Annual Report and Opinion 2015/16 of the Head of Internal Audit have been incorporated into the 2016/17 Action Plan, save where they had already been completed at the time of preparation of this statement.
- 5.2 This Action Plan has been informed not only by the results of audit and other reports, but also by the results of a self-assessment assurance statement which has been circulated to all senior managers, inviting them to assess the Authority's performance across a range of governance issues, in order to identify any gaps and weaknesses and add value to the Authority's governance arrangements.
- 5.3 The monitoring of the Action Plan has been the responsibility of the Solicitor and Monitoring Officer, since March 2015.
- 5.4 The Authority proposes over the coming year to take steps to address the above matters to further enhance its governance arrangements. The Authority is satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of the Authority's next annual review.

Signed
Professor J Burgess, Chair

Date2016

Signed.....
Dr J Packman, Chief Executive

Date2016

Annual Governance Statement 2015/16

2016/17 Action Plan

Action	Lead Officer(s)	Target Date	Priority
Formalise a data quality policy	Solicitor and Monitoring Officer	By 31 December 2016	L
Current budgetary system of approving virements to be reviewed and brought in line with current Authority Financial Regulations	Head of Finance	31 August 2016	M
Completion of updated Procurement Training to officers who have responsibilities for conducting procurements	Head of Finance	By 31 October 2016	M
Review of ethical standards and recommendations on what improvements if any should be made	Solicitor and Monitoring Officer	By 31 March 2017	L
Collect data about staff and volunteers, to enable an equality analysis of employment policies and practices to be carried out	Head of HR, Volunteer co-ordinator, both co-ordinated by Solicitor and Monitoring Officer,	By 31 December 2016	L
Completion of phase 2 of internal HR policies and procedures review	Head of HR	By 31 March 2017	M
Guidance to be introduced for informal treatment of complaints against Members and updating formal complaints process	Solicitor and Monitoring Officer	By 31 July 2016	M
Members Code of Conduct, Complaints guidance notes and Complaints Form to be reviewed and updated in	Solicitor and Monitoring Officer	By 31 July 2016	M

Action	Lead Officer(s)	Target Date	Priority
accordance with recommendations by Head of Internal Audit			
Members Training Strategy to be reviewed and on an on-going basis thereafter	Solicitor and Monitoring Officer	By 31 December 2016	L
Review best practice guidance documents produced by the Committee on Standards of Public Life and produce Members Handbook on induction	Solicitor and Monitoring Officer	By 31 March 2017	L

Annual Governance Statement 2015/16

2015/16 Action Plan Summary of Progress

Action	Lead Officer(s)	Target Date	Priority	Status
Data Management and Monitoring				
Formalise a data quality policy	Head of Communications	By 31 March 2016	M	Initial investigations have been made into what the data quality policy would comprise and cover but reduced resources within the Communications Team and higher priorities mean that this work hasn't been taken forward. To be transferred to 2016/17 Action Plan and to be undertaken by the Solicitor and Monitoring Officer with revised target dates.
Governance and Risk Management				
To evaluate the effectiveness of the measures put in place to implement the Review of Consultative Arrangements recommendations.	Director of Planning and Resources	By 1 March 2016	M	A Review of the effectiveness of the measures put in place following the Consultative Review to be completed. Completed. Broads Forum will be asked to review the effectiveness of the changes introduced to its procedures in November 2015. Completed.
Directly link the Strategic Risk Register to the Strategic Objectives and Annual Strategic Priorities, with a gap analysis completed.	Solicitor and Monitoring Officer	By 31 March 2016	L	Completed by Chief Executive on 23 March 2016 due to vacancy in SMO position.
The Strategic Risk	Solicitor and	By 31	L	Completed and continuing

Action	Lead Officer(s)	Target Date	Priority	Status
Register to be added as a standing agenda item for the Financial Scrutiny and Audit Committee.	Monitoring Officer	December 2015		from February 2016
Finance				
Provide updated Procurement Training to officers who have responsibilities for conducting procurements	Head of Finance	By 31 March 2016	L	Not complete, although 1 to 1 sessions with new staff have been undertaken as they join. Reason is Initial low priority combined with subsequent unforeseen staff shortages. Matter to be carried forward to 2016/17 with revised target dates and upgraded to M priority.
Human Resources				
Undertake an Equal Pay Audit	Senior HR Advisor	By 31 March 2016	M	Complete with presentation to staff due on 27 June 2016
Collect data about staff and volunteers, to enable an equality analysis of employment policies and practices to be carried out	Senior HR Advisor	By 31 March 2016	M	Not complete, but it will be brought forward and co-ordinated by the Solicitor and Monitoring Officer (HR and Volunteers) as between the two departments for completion in 2016/17
All staff to be formally reminded to review the Code of Conduct and Code of Corporate Governance documents, to ensure that they remain compliant.	Senior HR Advisor	By 31 March 2016	L	Complete by implementation through Staff Appraisals and IPRs
Review and update the following HR policies to ensure	Senior HR Advisor	By 31 March 2016	M	There were 24 policies to be updated, which were broken down into two phases, Phase 1 and 2. The first Phase which includes all the policies

Action	Lead Officer(s)	Target Date	Priority	Status
that they are in accordance with current legislation and where appropriate incorporate the requirements of volunteers: Capability (Performance Improvement) Disciplinary Grievance Recruitment Whistleblowing				on Capability, Discipline, Grievance and Recruitment has been completed. The second Phase to include Whistleblowing will be carried forward into the 2016/17 Action Plan.
Volunteer Management				
Complete the roll out of web based database to all volunteers, as far as possible	Volunteer Coordinator	By 30 October 2015	L	Roll-out completed to all 165 volunteers

Draft Unaudited Statement of Accounts 2015/16

Report by Head of Finance

Summary: This report summarises the Broads Authority's Statement of Accounts for the year ended 31 March 2016.

Recommendation: That the Statement of Accounts for 2015/16 be recommended to the Broads Authority for approval, subject to any amendments suggested by the Committee.

1 Introduction

1.1 The timetable for the preparation of the Authority's Statement of Accounts is dictated by the requirements of The Accounts and Audit (England) Regulations 2015. This year the Authority has trialled an early shut down in preparation of the new timetable for 2016/17. This has meant a slight change to the timetable for the adoption of the 2015/16 accounts, which is as follows:

- Treasurer and Financial Adviser to sign off the completed accounts by the 9 June 2016
- External Audit (Ernst and Young) to undertake the audit by 1 July 2016 (a verbal update on progress will be made during the meeting)
- Financial Scrutiny and Audit Committee to scrutinise the accounts on 5 July 2016, and to recommend them for approval to the Full Authority, subject to any suggested amendments
- Broads Authority to consider and formally adopt the audited accounts at its meeting on 30 September 2016

1.2 As members will be aware, the Authority's accounts are required to be prepared in accordance with International Financial Reporting Standards (IFRSs), and the *Code of Practice on Local Authority Accounting* (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The production of the Statement of Accounts represents a sizeable technical exercise for the Authority's limited staff resources working to a very tight timetable.

1.3 This report summarises the draft (unaudited) Statement of Accounts for 2015/16 which were approved for issue by the Treasurer and Financial Adviser on 9 June. Appended to this report are:

- the consolidated income and expenditure outturn figures for 2015/16
- the draft Statement of Accounts for 2015/16 (excluding the Audit Report and Annual Governance Statement, under agenda item 6)

2 Revenue Account Outturn Figures

- 2.1 The Statement of Accounts provides summaries of general and navigation fund income and expenditure for the year.
- 2.2 The original general fund budget provided for a surplus contribution of £83,617 to reserves. The final Latest Available Budget (LAB) for the year allowed for a surplus of £34,875, while the final Forecast Outturn was a surplus of £60,448. The year end saw a net underspend of £33,380 against the final forecast (although it was agreed to carry forward £25,850 as additional expenditure into 2016/17 at the Broads Authority meeting on 13 May 2016). The outcome was therefore a contribution of £93,828 to the general reserve. After accounting for the transfer of £2,878 interest to earmarked reserves, the general reserve increased to £1,044,406 as at 31 March 2016.
- 2.3 The original navigation fund budget provided for a surplus contribution of £55,804 to reserves. The final Latest Available Budget (LAB) for the year allowed for a surplus of £29,209, while the final Forecast Outturn was a surplus of £31,172. The year end saw a net overspend of £30,535 against the final forecast (although it was agreed to carry forward £181 as additional expenditure into 2016/17 at the Broads Authority meeting on 13 May 2016). The outcome was therefore a contribution of £61,707 to the navigation reserve. After accounting for the transfer of £8,756 interest to earmarked reserves, the navigation reserve reduced to £333,090 as at 31 March 2016.
- 2.4 The consolidated surplus for the year is £155,535, which reduces to £143,901 after taking account of £11,634 interest transferred to earmarked reserves. An additional £26,031 has been carried forward into the 2015/16 budget following its approval in May. There are a number of reasons for the 2015/16 underspend but in particular it arises from:
- delays in progressing expenditure on projects such as The Broads Plan due to the span of the project, this is in addition to: staff vacancies, savings on Head Office expenditure, savings on consultancy fees for asset management, savings on office equipment leases and expenditure
 - major success in obtaining additional external funding, particularly within Strategy and Projects budgets for the Catchment Partnership, and higher than forecast income from the Visitor Centres / Yacht Stations

3 Balance Sheet

- 3.1 The Broads Authority has the following earmarked reserves shown on the Balance Sheet, which contain funds in addition to the General and Navigation Funds for specific purposes. The Authority uses these earmarked reserve accounts to make provision for known future liabilities which are unlikely to be affordable from revenue expenditure.

Mobile Phone Upgrade / IT Reserve

Reserve holding the balance of ring-fenced Defra “INSPIRE” grant funding provided to support the Authority in meeting regulatory requirements for publishing geospatial information related to the environment under the European INSPIRE Directive. This grant funded project has now finished.

Planning Delivery Grant

Balance of Defra and ODPM grants awarded to deliver the planning service.

PRISMA

A reserve account set up for European grant part funded projects and trials relating to the development of sustainable techniques and methods for the dredging, treatment and reuse of sediment. At the end of 2015/16 this grant funded project was finished and transferred to the Plant, Vessels and Equipment Reserve which help initially set up the reserve.

Heritage Lottery Fund

A reserve account set up for the Landscape Partnership project funded by the Heritage Lottery Fund.

Upper Thurne Enhancement Scheme

Reserve established to hold the balance of ring-fenced Environment Agency funding for enhancement works in the Upper Thurne.

Section 106 Agreements

A reserve account established to hold ring-fenced developers’ contributions relating to planning application conditions.

Property

A reserve account set up to provide for the ongoing maintenance of the Authority’s major assets, moorings and operational property assets, including Mutford Lock.

Plant, Vessels and Equipment

Reserve established to provide for the maintenance and replacement of the Authority’s plant and equipment, including launches, construction and maintenance vessels and equipment, pool vehicles and fen management equipment.

Premises

A reserve account providing for the maintenance and development of both the Authority’s Dockyard facility and main office site.

- 3.2 The closing balance of the earmarked reserves above in 2015/16 are shown in the table below:

Earmarked Reserves 2015/16

Reserve	Balance as at 01/04/2016 £
Planning Delivery Grant	(290,865)
Heritage Lottery Fund	(55,956)
Upper Thurne Enhancement Scheme	(56,552)
Section 106 Agreements	(76,469)
Property	(360,603)
Plant, Vessels and Equipment	(302,223)
Premises	(201,675)
Total	(1,344,343)

- 3.3 The balance of Navigation earmarked reserves within this total is £665,324.

4 Other Significant Issues

- 4.1 There are no other significant issues arising from the preparation of the accounts which it is considered need to be drawn to the attention of the Committee.

5 Annual Governance Statement

- 5.1 The Accounts and Audit (England) Regulations 2011 contain a requirement that an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, must be approved by the relevant body and must accompany the Statement of Accounts. The draft Annual Governance Statement will be considered under agenda item number 6. The Solicitor and Monitoring Office will provide a verbal update on its progress at the meeting.

6 Audit of the Statement of Accounts

- 6.1 The Authority's external auditors, Ernst & Young, will be undertaking the audit of these accounts during June 2016, and are required to complete the audit and issue the value for money conclusion by 30 September 2016. The audit timetable was set out in the Audit Plan presented at the last meeting of this Committee, 9 February 2016.
- 6.2 Upon completion the audit report will be signed and incorporated into the Statement of Accounts.

7 Financial Implications

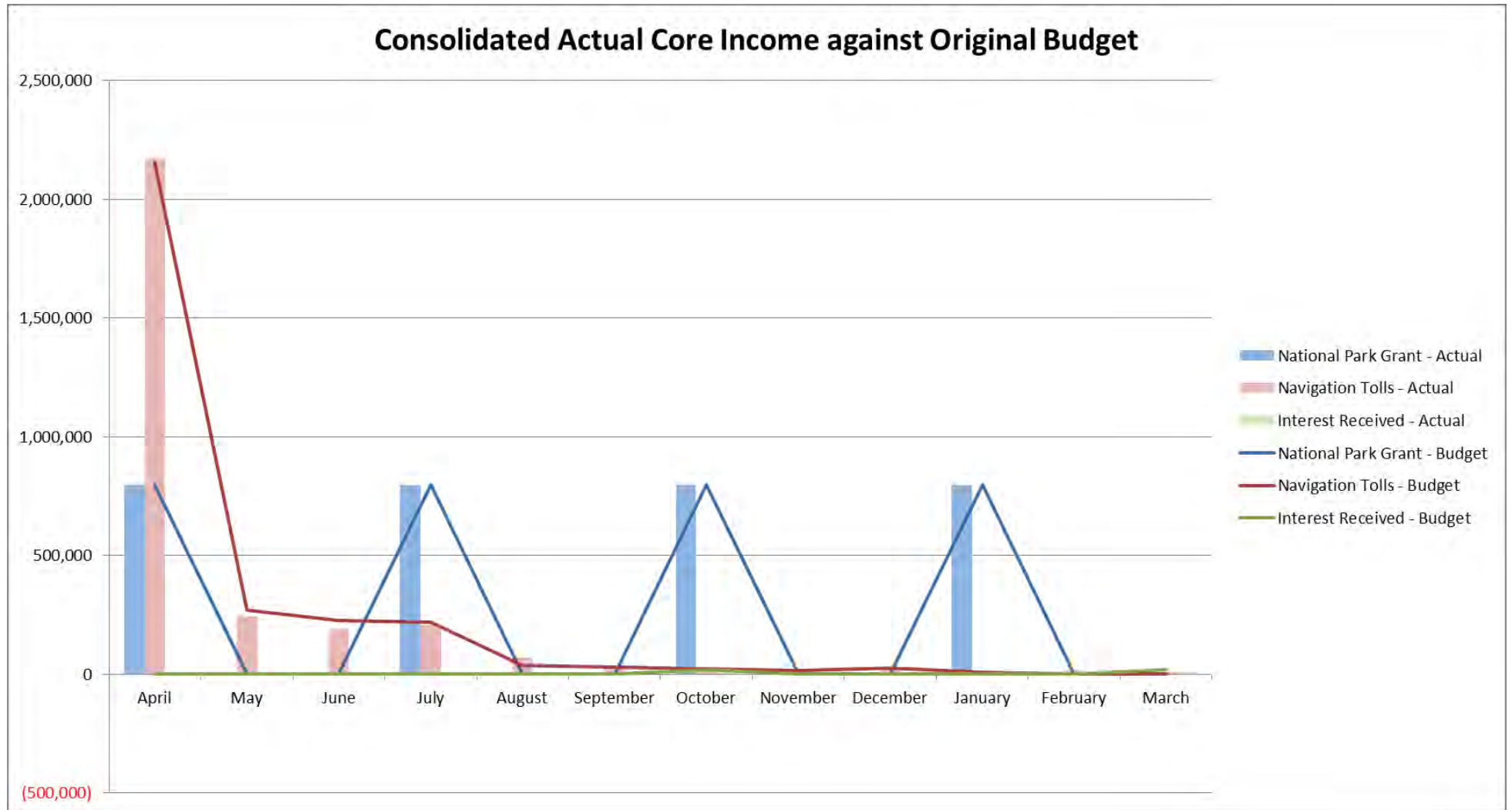
7.1 The draft Statement of Accounts for 2015/16 shows revenue reserves of £1,377,496 (general reserves £1,044,406, navigation reserves £333,090) that are considered to be adequate. The navigation reserve at the end of 2015/16 stands at 11.3% of net expenditure. This is slightly higher than the Financial Strategy prediction but will help cushion the fall in Hire Boat income as experienced at the end of month 2 in 2016/17. With these taken alongside the significant earmarked reserve balances, the Authority's reserves are therefore considered to be sound. The outturn figures for 2015/16, and their implication for the overall level of reserves, will be taken into account in future budgeting proposals, and when making decisions about income and expenditure in 2016/17.

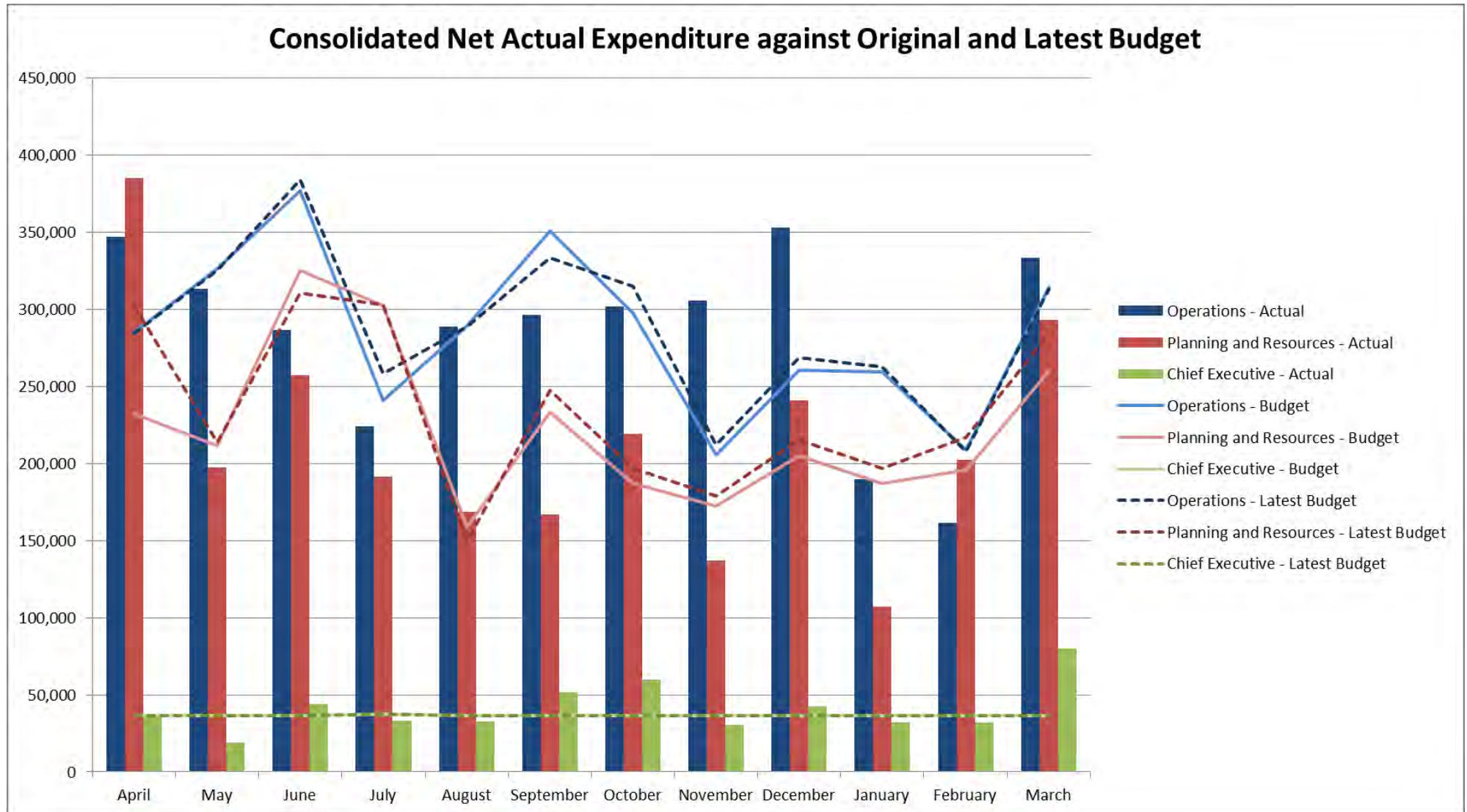
Background Papers: Nil

Author: Emma Krelle
Date of Report: 14 June 2016

Broads Plan Objectives: None

Appendices: APPENDIX 1: Consolidated Actual Income and Expenditure Charts to 31 March 2016
APPENDIX 2: Consolidated Income and Expenditure 2015/16
APPENDIX 3: Draft Unaudited Statement of Accounts 2015/16 (excluding the Audit Report and Annual Governance Statement)





To 31 March 2016

Budget Holder (All)

Values					
Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(6,240,632)		(6,240,632)	(6,211,776)	-28,856
National Park Grant	(3,188,952)		(3,188,952)	(3,188,952)	0
Income	(3,188,952)		(3,188,952)	(3,188,952)	0
Hire Craft Tolls	(1,090,525)		(1,090,525)	(1,068,802)	-21,723
Income	(1,090,525)		(1,090,525)	(1,068,802)	-21,723
Private Craft Tolls	(1,869,042)		(1,869,042)	(1,873,422)	4,380
Income	(1,869,042)		(1,869,042)	(1,873,422)	4,380
Short Visit Tolls	(38,363)		(38,363)	(43,617)	5,254
Income	(38,363)		(38,363)	(43,617)	5,254
Other Toll Income	(18,750)		(18,750)	(16,983)	-1,767
Income	(18,750)		(18,750)	(16,983)	-1,767
Interest	(35,000)		(35,000)	(20,000)	-15,000
Income	(35,000)		(35,000)	(20,000)	-15,000
Operations	3,538,581	146,470	3,685,051	3,567,572	117,479
Construction and Maintenance Salaries	1,088,740		1,088,740	1,097,740	-9,000
Salaries	1,088,740		1,088,740	1,097,740	-9,000
Expenditure			0		0
Equipment, Vehicles & Vessels	631,500	12,300	643,800	590,628	53,172
Income			0		0
Expenditure	631,500	12,300	643,800	590,628	53,172
Water Management	172,500	56,950	229,450	230,950	-1,500
Income			0		0
Expenditure	172,500	56,950	229,450	230,950	-1,500
Land Management	(36,000)		(36,000)	(43,600)	7,600
Income	(90,000)		(90,000)	(102,500)	12,500
Expenditure	54,000		54,000	58,900	-4,900

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Practical Maintenance	459,200	77,220	536,420	500,420	36,000
Income	(7,000)		(7,000)	(8,000)	1,000
Expenditure	466,200	77,220	543,420	508,420	35,000
Ranger Services	736,910		736,910	715,093	21,817
Income	(35,000)		(35,000)	(35,000)	0
Salaries	578,910		578,910	578,910	0
Expenditure	193,000		193,000	171,183	21,817
Pension Payments			0		0
Safety	111,918		111,918	111,918	0
Income	(9,000)		(9,000)	(9,000)	0
Salaries	57,918		57,918	57,918	0
Expenditure	63,000		63,000	63,000	0
Asset Management	108,780		108,780	108,780	0
Income	(1,000)		(1,000)	(1,000)	0
Salaries	39,030		39,030	39,030	0
Expenditure	70,750		70,750	70,750	0
Premises	137,503		137,503	134,290	3,213
Income	(10,667)		(10,667)	(10,667)	0
Expenditure	148,170		148,170	144,957	3,213
Operations Management and Administration	127,530		127,530	121,353	6,177
Income	0		0	(2,177)	2,177
Salaries	115,030		115,030	115,030	0
Expenditure	12,500		12,500	8,500	4,000
Planning and Resources	2,547,090	167,337	2,714,427	2,563,797	150,630
Development Management	241,882	20,000	261,882	228,120	33,762
Income	(60,000)		(60,000)	(92,262)	32,262
Salaries	276,882		276,882	267,382	9,500
Expenditure	25,000	20,000	45,000	53,000	-8,000
Pension Payments			0		0
Strategy and Projects Salaries	194,380	76,000	270,380	241,380	29,000
Income	(32,500)	18,000	(14,500)	(14,500)	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	204,880	0	204,880	204,880	0
Expenditure	22,000	58,000	80,000	51,000	29,000
Biodiversity Strategy	0	2,300	2,300	12,300	-10,000
Income	(10,000)		(10,000)	0	-10,000
Expenditure	10,000	2,300	12,300	12,300	0
Strategy and Projects	69,780	14,037	83,817	82,313	1,504
Income	0	(18,000)	(18,000)	(23,635)	5,635
Salaries	36,280	22,037	58,317	65,448	-7,131
Expenditure	33,500	10,000	43,500	40,500	3,000
Waterways and Recreation Strategy	77,820		77,820	82,953	-5,133
Salaries	68,320		68,320	68,320	0
Expenditure	9,500		9,500	14,633	-5,133
Project Funding	147,060		147,060	121,094	25,966
Income	(19,000)		(19,000)	(19,000)	0
Salaries	41,560		41,560	15,594	25,966
Expenditure	124,500		124,500	124,500	0
Pension Payments			0		0
Partnerships / HLF	50,000		50,000	50,000	0
Income			0		0
Salaries			0		0
Expenditure	50,000		50,000	50,000	0
Volunteers	64,670		64,670	64,670	0
Income	(1,000)		(1,000)	(1,000)	0
Salaries	43,670		43,670	43,670	0
Expenditure	22,000		22,000	22,000	0
Finance and Insurance	330,920		330,920	330,920	0
Income			0		0
Salaries	130,920		130,920	130,920	0
Expenditure	200,000		200,000	200,000	0
Communications	259,830	25,000	284,830	274,330	10,500
Income	0		0	(5,500)	5,500

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	187,830		187,830	187,830	0
Expenditure	72,000	25,000	97,000	92,000	5,000
Visitor Centres and Yacht Stations	240,520		240,520	220,970	19,550
Income	(218,000)		(218,000)	(237,550)	19,550
Salaries	326,520		326,520	326,520	0
Expenditure	132,000		132,000	132,000	0
Collection of Tolls	116,740		116,740	116,740	0
Income			0		0
Salaries	104,040		104,040	104,040	0
Expenditure	12,700		12,700	12,700	0
ICT	289,380	30,000	319,380	288,899	30,481
Salaries	132,680		132,680	135,386	-2,706
Expenditure	156,700	30,000	186,700	153,513	33,187
Premises - Head Office	254,548		254,548	254,548	0
Expenditure	254,548		254,548	254,548	0
Planning and Resources Management and Administration	209,560		209,560	194,560	15,000
Income	0		0	(10,000)	10,000
Salaries	128,360		128,360	128,360	0
Expenditure	81,200		81,200	76,200	5,000
Chief Executive	440,040		440,040	486,081	-46,041
Human Resources	111,530		111,530	112,430	-900
Income			0		0
Salaries	52,030		52,030	52,930	-900
Expenditure	59,500		59,500	59,500	0
Legal	107,260		107,260	154,801	-47,541
Income	0		0	(3,360)	3,360
Salaries	47,260		47,260	36,725	10,535
Expenditure	60,000		60,000	121,436	-61,436
Governance	119,790		119,790	117,390	2,400
Salaries	65,590		65,590	65,590	0
Expenditure	54,200		54,200	51,800	2,400

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Chief Executive	101,460		101,460	101,460	0
Salaries	101,460		101,460	101,460	0
Expenditure			0		0
Projects and Corporate Items	112,000		112,000	112,000	0
PRISMA			0		0
Expenditure			0		0
Corporate Items	112,000		112,000	112,000	0
Pension Payments	112,000		112,000	112,000	0
Contributions from Earmarked Reserves	(536,500)	(238,470)	(774,970)	(609,294)	-165,676
Earmarked Reserves	(536,500)	(238,470)	(774,970)	(609,294)	-165,676
Expenditure	(536,500)	(238,470)	(774,970)	(609,294)	-165,676
Grand Total	(139,421)	75,337	(64,084)	(91,620)	27,536

BROADS AUTHORITY

DRAFT UNAUDITED

STATEMENT OF ACCOUNTS

2015/16

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Broads Authority Statement of Accounts
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Narrative Report

Introduction

The purpose of the foreword is to offer interested parties an easily understandable guide to the most significant matters reported in the accounts. It contains a commentary on the major influences affecting the Authority's income and expenditure and cash flow, and information on the financial needs and resources of the Authority.

The Background to the Accounts 2015/16

The Statement of Accounts represents the financial transactions of The Broads Authority.

The Broads Authority was set up under the Norfolk and Suffolk Broads Act 1988.

Its duties, as subsequently amended by the Natural Environment and Rural Communities Act 2006, are to manage the Broads for the purpose of:

- conserving and enhancing the natural beauty, wildlife and cultural heritage of the Broads;
- promoting opportunities for the understanding and enjoyment of the special qualities of the Broads by the public; and
- protecting the interests of navigation.

This brought the first two purposes into line with those of the English National Park Authorities, as recommended in the Department for Environment, Food and Rural Affairs (Defra) report 'Review of English Park Authorities' published in July 2002.

In discharging its function, the Authority should have regard to:

- the national importance of the Broads as an area of natural beauty and one which affords opportunities for open air recreation;
- the desirability of protecting the natural resources of the Broads from damage; and
- the needs of agriculture and forestry and the economic and social interests of those who live and work in the Broads.

In respect of its navigation area the Authority is required to:

- maintain the navigation area for the purposes of navigation to such a standard as appears to it to be reasonably required; and
- take such steps to improve and develop it as it thinks fit.

The Broads Authority Act 2009 amended the 1988 Act and is primarily concerned with augmenting the Authority's powers to ensure safety on the Broads, including the application of the Boat Safety Scheme and compulsory third party insurance. It also made provision for the transfer of responsibility for the navigation in Breydon Water to the Authority which was implemented in 2012. The 2009 Act removed the need for the Authority to maintain a separate navigation account and contained provisions which require the Authority to ensure that, taking one year with another, expenditure on navigation matters is equal to navigation income.

The Accounting Statements

The Broads Authority's accounts for the year 2015/16 are set out on pages 7 to 73. They consist of:

Statement of Responsibilities for the Statement of Accounts

Statement of Corporate Governance

Movement in Reserves Statement – This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable' reserves and 'other' reserves. The 'surplus / deficit on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. The 'net increase / decrease before transfers to earmarked reserves' line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

Comprehensive Income & Expenditure Statement – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Balance Sheet – The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. Reserves are reported in two categories. The first category of reserves are 'usable' reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement of Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement – The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of tolls and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

These accounts are supported by the Statement of Accounting Policies in Note 1, which follows the Accounting Statements, and various notes to the accounts.

The information included in these accounts incorporates spending relating to the Broads Navigation. The Navigation income and expenditure is separately accounted for in the records to ensure the proper control of income from toll payers and to ensure it is spent primarily to benefit the users of the navigation. Navigation income and expenditure is shown in full at note 37 on page 73.

Broads Authority Statement of Accounts
Narrative Report

Changes to the 2015/16 Accounts

There have been no key changes to the Statement of Accounts in 2015/16.

Current Borrowing Facilities and Capital Borrowing

On 20 November 2007, the Authority took out a £290,000 loan from the Public Works Loan Board. The repayment period of the loan is 20 years at a fixed interest rate of 4.82%, repayable by equal instalments of principal. The Public Works Loan Board has advised that the fair value of the debt as at 31 March 2016 is £205,664.

The purpose of this loan was to finance the purchase of the Dockyard Operation from May Gurney to enable the Authority to continue to dredge the Broads in an economical and efficient manner.

Review of the Year

General Income and Expenditure

The Authority received National Park Grant of £3,189k from Defra (£3,245k in 2014/15). In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £712k (£603k in 2014/15). Total income for 2015/16 was £3,901k (£3,848k in 2014/15).

The Authority set a budget for 2015/16 with a forecast surplus of £84k (£55k deficit for 2014/15). The Authority monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for the year indicated an anticipated surplus of £60k. The actual outturn saw a surplus of £94k (a favourable variance of £33k). The Authority has a policy for carry forward requests in respect of underspends. These have been subsequently approved by the Authority for £26k (£44k for 2014/15) and will be added to the 2016/17 budget.

Navigation Income and Expenditure

Income from tolls was £2,986k (£2,948k in 2014/15), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £159k, (£133k in 2014/15) and interest was £11k (£9k in 2014/15). Total income for 2015/16 was £3,156k (£3,090k in 2014/15).

The Authority set a budget with a forecast surplus of £56k for 2015/16 (surplus of £40k for 2014/15). The Authority monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for 2015/16, which took account of approved budget changes, indicated an anticipated surplus of £31k. The actual outturn saw a surplus of £62k (a favourable variance of £31k). The Authority has a policy for carry forward requests in respect of underspends. These have been subsequently approved by the Authority for £181 (£11k for 2014/15) and will be added to the 2016/17 budget

Financial Outlook

The Authority received notification in January 2016 that its National Park Grant would be protected in real terms and receive an increase of 1.72% per annum over the period 2016/17 to 2019/20. This is the first time since 2009/10 that the Authority has seen an increase to its National Park Grant. The settlement has meant that the Authority can now plan for this period with a higher degree of certainty.

Income from navigation tolls has continued to hold up reasonably well despite continued pressures on Hire Craft numbers. Despite the decline in Hire Craft, the Private Craft increase means that income is broadly in line with the projections made in the Authority's current Financial Strategy for the period up to 2018/19, which was adopted by the Broads Authority in March 2016.

The current Financial Strategy was drawn up having regard to the Authority's grant settlement and the priorities in the Broads Plan. It sets out a prudent strategy for managing the limited resources available in order to build on the work underway across the organisation and to continue to deliver the Authority's key priorities over the next three years. The focus in developing the Financial Strategy has been to deliver the maximum possible efficiencies and savings from within central budgets in order to minimise the impact on front-line activity. Although it has not been entirely possible to mitigate the impact on the front line, savings have been achieved by the incremental changes of allocation on practical works between National Park and Navigation. The Authority continues to focus on identifying opportunities to raise income, make efficiencies and find further savings.

In raising additional income the Authority's focus has been on external funding bids including the Landscape Partnership Scheme. The development phase bid for £226,000 has been successful to the Heritage Lottery Fund, with the delivery phase bid due to be submitted in 2017. If successful this will be a project worth £4.5 million including match funding. Funding is also being sought in conjunction with other partners from the EU towards the Hickling Project and further Lottery Funding towards the Wetland Grassland Bid. In both cases other partners will be the Lead in these projects.

The 15 UK National Parks have also established the National Parks Partnership LLP which was launched on 9 May 2016 and wants to create successful corporate partnerships that generate vital income for the parks. Its aim is to make a very significant, sustainable and discernible contribution to the improved quality of UK National Parks and the benefits they offer for generations to come.

In developing the Financial Strategy, a number of assumptions have been made in respect of National Park Grant allocations, future boat numbers and the level of staff pay inflation. The Strategy follows the general principle that the Authority should seek to maintain the general reserve at a minimum of £100,000 plus 10% of net expenditure, and the navigation reserves at a minimum of 10% of net expenditure. It also expects that general and navigation income and expenditure should be broadly in balance across the life of the Financial Strategy.

Navigation funding is currently projecting a small surplus of £16k in 2016/17, with reserves at 11.1% of net expenditure at the end of the year. For general funding there is a projected deficit of £52k (after taking into account carry forwards requests) in 2016/17, with reserves at 29.9% of net expenditure.

The strategy also covers capital expenditure with the majority being funded from Earmarked Reserves and the rest from National Park Grant and Navigation income.

There are a significant number of variables – and some unknown quantities, such as future inflation – which could impact on these figures. The Financial Strategy will therefore be reviewed and updated by the Authority, having regard to any changes in circumstances and the annual outturn figures, at its meeting in January 2017. The annual toll increase for 2016/17 was set at an overall 4.5%. Any impact from the Tolls Working Group recommendations will need to be taken into account when setting the future strategy and will continue to be subject to consultation with the Navigation Committee and other stakeholders.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:-

- (a) Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer and Financial Adviser.
- (b) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (c) Approve the statement of accounts.

The Treasurer and Financial Adviser's Responsibilities

The Treasurer and Financial Adviser is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code).

In preparing this Statement of Accounts, the Treasurer and Financial Adviser has:-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Local Authority Code.

The Treasurer and Financial Adviser has also:

- kept proper accounting records which were up-to-date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Treasurer and Financial Adviser's Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Broads Authority at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

Jill Penn (Treasurer and Financial Adviser)

Certificate of Committee Resolution

I confirm that these accounts were approved by The Broads Authority at its meeting held 30 September 2016.

Signed on behalf of The Broads Authority:

Prof J A Burgess

(Chair of meeting approving the accounts)

30 September 2016

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Independent Auditor's Report to the Members of the Broads Authority

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Broads Authority Statement of Accounts
Movement in Reserves Statement

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure) and 'other' reserves. The 'surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

2014/15	General Fund and Navigation Fund Balance £000	Capital Grant Unapplied Account £000	Earmarked Reserves £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2014 (A)	1,089	64	1,798	2,951	(1,034)	1,917
Surplus or (deficit) on the provision of services	(626)	0	0	(626)	0	(626)
Other comprehensive income and expenditure	0	0	0	0	(1,584)	(1,584)
Total comprehensive income and expenditure	(626)	0	0	(626)	(1,584)	(2,210)
Adjustments between accounting basis and funding basis under regulations (Note 7)	564	(64)	0	500	(500)	0
Net increase or (decrease) before transfers to Earmarked Reserves	(62)	(64)	0	(126)	(2,084)	(2,210)
Transfers to or from Earmarked Reserves (Note 8)	205	0	(205)	0	0	0
Increase or (decrease) in 2014/15 (B)	143	(64)	(205)	(126)	(2,084)	(2,210)
Balance at 31 March 2015 (=A+B)	1,232	0	1,593	2,825	(3,118)	(293)

Broads Authority Statement of Accounts
Movement in Reserves Statement

2015/16	General Fund and Navigation Fund Balance £000	Capital Grant Unapplied Account £000	Earmarked Reserves £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2015 (A)	1,232	0	1,593	2,825	(3,118)	(293)
Surplus or (deficit) on the provision of services	(459)	0	0	(459)	0	(459)
Other comprehensive income and expenditure	0	0	0	0	2,662	2,662
Total comprehensive income and expenditure	(459)	0	0	(459)	2,662	2,203
Adjustments between accounting basis and funding basis under regulations (Note 7)	356	0	0	356	(356)	0
Net increase or (decrease) before transfers to Earmarked Reserves	(103)	0	0	(103)	2,306	2,203
Transfers to or from Earmarked Reserves (Note 8)	249	0	(249)	0	0	0
Increase or (decrease) in 2015/16 (B)	146	0	(249)	(103)	2,306	2,203
Balance at 31 March 2016 (=A+B)	1,378	0	1,344	2,722	(812)	1,910

Broads Authority Statement of Accounts
Comprehensive Income and Expenditure Statement

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2014/15				Note	2015/16		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000			Gross Expenditure £000	Income £000	Net Expenditure/ (Income) £000
1,102	(205)	897	Conservation of the natural environment		1,066	(221)	845
377	(28)	349	Conservation of cultural heritage		415	(66)	349
530	(14)	516	Recreation management and transport		545	(25)	520
781	(194)	587	Promoting understanding		738	(196)	542
475	(67)	408	Rangers, estates and volunteers		472	(23)	449
433	(83)	350	Development control		508	(167)	341
122	0	122	Forward planning and communities		79	0	79
0	0	0	Non distributed costs		0	0	0
182	0	182	Corporate and democratic core		86	0	86
3,280	(3,074)	206	Broads Navigation Account	37	3,310	(3,142)	168
7,282	(3,665)	3,617	Cost of services		7,219	(3,840)	3,379
		1	Other operating expenditure	9			15
		253	Financing and investment income and expenditure	10			254
		(3,245)	Taxation and non-specific grant income	11			(3,189)
		626	(Surplus) or deficit on provision of services				459
		0	(Surplus) or deficit on revaluation of fixed assets				(21)
		1,584	Actuarial (gains) / losses on pension assets / liabilities				(2,641)
		1,584	Other comprehensive income and expenditure				(2,662)
		2,210	Total comprehensive income and expenditure				(2,203)

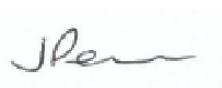
Broads Authority Statement of Accounts
Balance Sheet

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

As at 31 Mar 15 £000		Note	As at 31 Mar 16 £000
4,312	Property, Plant & Equipment	12	4,453
339	Investment Property	13	340
9	Long term debtors		10
4,660	Long term assets		4,803
4	Short term investments		10
112	Inventories	15	104
599	Short term debtors	16	494
4,312	Cash and cash equivalents	17	4,137
3	Assets held for sale		0
5,030	Current assets		4,745
(15)	Short term borrowing		(15)
(2,118)	Short term creditors	18	(1,944)
(47)	Provisions	19	(43)
(2,180)	Current liabilities		(2,002)
(167)	Long term borrowing		(152)
(7,636)	Other long term liabilities		(5,484)
(7,803)	Long term liabilities		(5,636)
(293)	Net assets/(liabilities)		1,910
	<u>Useable reserves</u>		
952	General Account fund balance		1,045
280	Navigation Account fund balance		333
1,593	Earmarked Reserves	8	1,344
	<u>Unusable reserves</u>	21	
1,426	Revaluation Reserve		1,426
2,875	Capital Adjustment Account		3,079
(7,372)	Pension Reserve		(5,274)
(47)	Accumulated Absence Reserve		(43)
(293)	Total reserves		1,910

Jill Penn (Treasurer and Financial Adviser)



9 June 2016

Broads Authority Statement of Accounts
Cash Flow Statement

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2014/15 £000	Revenue Activities	Note	2015/16 £000
(498)	Net surplus or (deficit) on the provision of services		(459)
1,055	Adjustments to net surplus or deficit on the provision of services for non-cash movements		833
(56)	Adjust for items in the net surplus or deficit on the provision of services that are Investing and Financing Activities		(5)
501	Net cash flows from Operating Activities	22	369
(270)	Investing Activities	23	(478)
(69)	Financing Activities	24	(66)
162	Net increase or (decrease) in cash and cash equivalents		(175)
4,150	Cash and cash equivalents at the beginning of the reporting period		4,312
4,312	Cash and cash equivalents at the end of the reporting period	17	4,137

Notes to the Statement of Accounts

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amounts is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. Specific bad debt provisions are reviewed annually.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 7 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Broads Authority Statement of Accounts
Notes to the Statement of Accounts

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

v. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

vii. Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Broads Authority are members of Norfolk Pension Fund for civilian employees (the Local Government Pension Scheme), administered by Norfolk County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

viii. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix. Financial Instruments

Financial instruments are defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term financial instrument covers both financial assets and financial liabilities and includes the most straightforward financial assets and liabilities such as trade receivables and trade payables and the complex ones such as derivatives.

Financial liabilities are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Long term loans are shown in the balance sheet as the capital element outstanding at the year end, split between amounts due within the current year and amounts due outside the year. Any interest paid is taken directly to the income and expenditure account. The 'fair value' of any loans is disclosed in the notes to the accounts with accompanying explanations.

Financial assets are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments, but are not quoted on an active market.
- Available for Sale Assets – assets that have a quoted market price and / or do not have fixed or determinable payments.

The Authority has not made any material loans.

x. Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

xi. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

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Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiii. Investment Property

Investment properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the general reserve balances. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general reserve balances. The gains and losses are therefore reversed out of the general reserve balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiv. Inventories

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the FIFO (first-in, first-out) costing formula.

xv. Leases

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Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain

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or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvi. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2015/16* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xvii. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. A de minimis limit of £5,000 is used to recognise fixed assets.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price; and
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost.
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

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- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation between 5 and 50 years, as advised by a professional valuer;
- vehicles, plant, furniture and equipment – straight-line allocation between 5 and 10 years, as advised by a suitably qualified officer; and
- infrastructure – straight-line allocation over 25 years, as advised by a suitably qualified officer.

Where an asset has been acquired under a finance lease arrangement, and the lease term is shorter than the asset's estimated useful life, the asset is depreciated over the lease term.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Receipts below £5,000 arising from the sale of fixed assets are allocated to revenue. The Broads Authority has a policy of not depreciating assets in the first year of ownership.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement) (England and Wales). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against the general fund, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xviii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

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For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note (note 35) to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xix. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent useable resources for the Authority – these reserves are explained in the relevant policies.

xx. Operating Segments

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In accordance with IFRS 8 and the Code, the Broads Authority keeps the general fund and navigation fund separately. Under the Code, the Authority has prepared a single income and expenditure account for 2015/16, however in note 37 to the accounts the navigation income and expenditure is shown.

xxi. Allocation of Costs

Salary, vehicle and other revenue costs are reallocated within the general expenditure to major projects that are grant aided partially or wholly by sources other than Defra grant. The method of allocation is kept as simple as possible and is either made on usage, such as number of hours spent on a project, or estimated on a percentage basis.

Recharges between the general and navigation funds are based on staff time and usage.

xxii. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

xxiii. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards that have been issued but have not yet been adopted

The 2016/17 Code of Practice on Local Authority Accounting adopts the following amendments to International Accounting Standards and International Financial Reporting Standards, which will be required from 1 April 2016:

- IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.
- Other minor changes due to Annual Improvement to IFRSs cycles, IFRS11 Joint arrangements, IAS 16 Property Plant, Equipment and IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the Authority's Statement of Accounts.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a degree of uncertainty about future levels of funding for National Parks. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

- The Authority is a member of Whitlingham Charitable Trust of which there are three members. The Authority can appoint up to four trustees and there shall be no more than nine in total. The Trust is limited by guarantee in which each member agrees to contribute £1 in the event of it being wound up. Whitlingham Charitable Trust was established to manage and maintain Whitlingham Country Park for public benefit. Whilst the Authority does have significant influence in the management of the Trust, it does not have a controlling influence, and it does not have any share equity, or any share in profits or losses. It is considered therefore that International Public Sector Accounting Standard (IPSAS) 7 – Accounting for Investments in Associates - does not apply as the charity has no formal equity structure, and the Authority does not derive any financial benefit from the Trust.

4. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall.</p> <p>It is estimated that the annual depreciation charge would increase by £56,000 for every year that useful lives had to be reduced.</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £2,843,000. Further details are set out in the sensitivity analysis in note 34.

5. Material Items of Income and Expense

There are no material items of expense in relation to 2015/16 which are not disclosed elsewhere within the Statement of Accounts.

6. Events after the balance sheet date

The Draft Statement of Accounts was authorised for issue by the Treasurer and Financial Adviser on 9 June 2016. Events that occur after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. However, there have been no post-balance sheet events.

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7. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

General Fund & Navigation Fund	Capital Grant Unapplied	Movement in Unusable Reserves		General Fund & Navigation Fund	Capital Grant Unapplied	Movement in Unusable Reserves
2014/15	2014/15	2014/15		2015/16	2015/16	2015/16
£000	£000	£000		£000	£000	£000
			Adjustments primarily involving the Capital Adjustment Account:			
			Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:			
310	0	(310)	Charges for depreciation and impairment of non-current assets	330	0	(329)
6	0	(6)	Revaluation losses on property, plant and equipment	0	0	0
14	0	(14)	Amortisation of intangible assets	0	0	0
0	0	0	Movements in the fair value of investment properties	(1)	0	1
51	0	(51)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	22	0	(22)
			Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
0	0	0	Reversal of finance lease liability for disposal of assets	0	0	0
(70)	0	70	Statutory provision for the financing of capital investment	(67)	0	67
(218)	0	218	Capital expenditure charged against the General Fund	(467)	0	467

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General Fund & Navigation Fund 2014/15 £000	Capital Grant Unapplied 2014/15 £000	Movement in Unusable Reserves 2014/15 £000		General Fund & Navigation Fund 2015/16 £000	Capital Grant Unapplied 2015/16 £000	Movement in Unusable Reserves 2015/16 £000
955	0	(955)	Adjustments involving the Pensions Reserve: Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 34)	1,117	0	(1,117)
(544)	0	544	Employer's pension contributions and direct payments to pensioners payable in the year	(574)	0	574
(4)	0	4	Adjustments involving the accumulated Absences Account: Adjustments in relation to short-term compensated absences	(4)	0	4
64	(64)	0	Adjustments involving the Capital Grant Unapplied Account: Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0
564	(64)	(500)	Total Adjustments	356	0	(356)

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8. Transfers to / from earmarked reserves

This note presents details of the amounts set aside in earmarked reserves to provide financing for future expenditure and the amounts posted back from earmarked reserves to meet expenditure in 2014/15. During the year, the Authority consolidated its earmarked reserves into a smaller number of reserves holding larger balances. A description of each of the earmarked reserves follows the table below.

	Balance at 31 March 2014 £000	Transfers in 2014/15 £000	Transfers out 2014/15 £000	Balance at 31 March 2015 £000	Transfers in 2015/16 £000	Transfers out 2015/16 £000	Balance at 31 March 2016 £000
Mobile Phone Upgrade / IT Reserve	(8)	(7)	14	(1)	0	1	0
Planning Delivery Grant	(454)	(6)	106	(354)	(3)	65	(292)
Sustainable Development Fund	(66)	(12)	78	0	0	0	0
STEP	(8)	0	8	0	0	0	0
PRISMA	(245)	(15)	88	(172)	(1)	173	0
Heritage Lottery Fund	0	0	0	0	(77)	21	(56)
Upper Thurne Enhancement Scheme	(82)	0	29	(53)	(3)	0	(56)
Section 106 Agreements	(12)	(31)	27	(16)	(64)	4	(76)
Property	(568)	(94)	75	(587)	(30)	256	(361)
Plant, Vessels and Equipment	(216)	(184)	160	(240)	(320)	259	(301)
Premises	(139)	(31)	0	(170)	(32)	0	(202)
Total	(1,798)	(380)	585	(1,593)	(530)	779	(1,344)

Earmarked reserves

Mobile Phone Upgrade / IT Reserve

A reserve set up for holding the balance of ring-fenced Defra “INSPIRE” grant funding provided to support the Authority in meeting regulatory requirements for publishing geospatial information related to the environment under the European INSPIRE Directive. This grant funded project has now finished.

Planning Delivery Grant

Balance of Defra and OPDM grants awarded to deliver the planning service.

PRISMA

A reserve account set up for European grant part funded projects and trials relating to the development of sustainable techniques and methods for the dredging, treatment and reuse of sediment. At the end of 2015/16 this grant funded project was finished and transferred to the Plant, Vessels and Equipment Reserve which help initially set up the reserve.

Heritage Lottery Fund

A reserve account set up for the Landscape Partnership project funded by the Heritage Lottery Fund.

Upper Thurne Enhancement Scheme

Reserve established to hold the balance of ring-fenced Environment Agency funding for enhancement works in the Upper Thurne.

Section 106 Agreements

A reserve account established to hold ring-fenced developers’ contributions relating to planning application conditions.

Property

A reserve account set up to provide for the ongoing maintenance of the Authority’s major assets, moorings and operational property assets, including Mutford Lock.

Plant, Vessels and Equipment

Reserve established to provide for the maintenance and replacement of the Authority’s plant and equipment, including launches, construction and maintenance vessels and equipment, pool vehicles and fen management equipment.

Premises

A reserve account providing for the maintenance and development of both the Authority’s Dockyard facility and main office site.

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9. Other Operating Expenditure

2014/15 £000		2015/16 £000
(5)	Gains / losses on disposal of non-current assets	15
6	Expenditure on Assets Held for Sale	0
1	Total	15

10. Financing and Investment Income and Expenditure

2014/15 £000		2015/16 £000
36	Interest payable and similar charges	40
233	Net interest on the net defined benefit liability (asset)	241
(19)	Interest receivable and similar income	(23)
3	Income and expenditure in relation to investment properties and changes in their fair value	(4)
0	Other investment income	0
253	Total	254

11. Taxation and non-specific grant income

2014/15 £000		2015/16 £000
(3,245)	Defra National Park Grant	(3,189)
(3,245)	Total	(3,189)

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12. Property, Plant and Equipment

Movements on balances 2014/15

Cost or valuation	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2014	2,688	2,279	302	323	78	5,670
additions	34	282	0	0	0	316
donations	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(1)	0	0	0	0	(1)
derecognition – disposals	(23)	(116)	0	0	0	(139)
assets reclassified (to) / from Assets Under Construction	0	59	0	0	(59)	0
assets reclassified (to) / from Assets Held for Sale	(8)	0	0	0	0	(8)
other movements in cost or valuation	0	0	0	0	0	0
At 31 March 2015	2,690	2,504	302	323	19	5,838

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Accumulated depreciation and impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2014	36	1,105	163	0	0	1,304
depreciation charge	26	269	15	0	0	310
depreciation written out of the Revaluation Reserve	0	0	0	0	0	0
depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
derecognition – disposals	0	(88)	0	0	0	(88)
other movements in depreciation and impairment	0	0	0	0	0	0
At 31 March 2015	62	1,286	178	0	0	1,526

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 31 March 2015	2,628	1,218	124	323	19	4,312
At 31 March 2014	2,652	1,174	139	323	78	4,366

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Movements on balances 2015/16

Cost or valuation	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2015	2,690	2,504	302	323	19	5,838
additions	123	194	0	0	150	467
donations	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Revaluation Reserve	22	0	0	0	0	22
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
derecognition – disposals	0	(66)	0	0	0	(66)
assets reclassified (to) / from Assets Under Construction	0	0	0	0	0	0
assets reclassified (to) / from Assets Held for Sale	0	0	0	0	0	0
other movements in cost or valuation	0	0	0	0	0	0
At 31 March 2016	2,835	2,632	302	323	169	6,261

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Accumulated depreciation and impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2015	62	1,286	178	0	0	1,526
depreciation charge	17	298	15	0	0	330
depreciation written out of the Revaluation Reserve	0	0	0	0	0	0
depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
derecognition – disposals	0	(48)	0	0	0	(48)
other movements in depreciation and impairment	0	0	0	0	0	0
At 31 March 2016	79	1,536	193	0	0	1,808

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 31 March 2016	2,756	1,096	109	323	169	4,453
At 31 March 2015	2,628	1,218	124	323	19	4,312

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Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Category of Asset	Depreciation method	Depreciation period
Operational Land and Buildings	Straight line. (20% assumed land value, where no split available)	Between 5 to 50 years as per professional advice
Community Land	Not depreciated	Not depreciated
Infrastructure Asset	Straight line	20 years
Vehicles, Vessels and Equipment	Straight line	7 years / 10 Years
Computer and Office Equipment	Straight line	5 years

Capital Commitments

The Authority was committed to one significant capital contract as at the balance sheet date. Details of the amounts outstanding under this contract are set out in the table below.

Contract	Total contract value £000	Payments made to 31 March 2016 £000	Outstanding commitments £000
Third replacement Wherry	113	102	11
Third replacement Launch	88	44	44
Total	201	146	55

Impairments

In accordance with IAS 36 and the Code, Directors have undertaken an annual impairment review. No assets were considered to be impaired.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

Significant assumptions applied in estimating the fair values are:

Property, Plant and Equipment of a specialised nature were valued on the basis of what it would cost to reinstate the service, suitably adjusted to reflect for age, wear

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and tear and obsolescence of the existing asset (Fair Value less depreciated replacement cost).

Infrastructure Assets and Community Assets have been valued at historic cost rather than fair value.

Property leases have been split between finance and operating leases and valued accordingly depending upon whether the Authority is lessor or lessee.

Assets held for Sale have been valued on the basis of market value with the value reported being the estimated sale price.

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	0	0	109	323	65	497
Valued at fair value as at:						
31 March 2016	336	201	0	0	104	641
31 March 2015	27	334	0	0	0	361
31 March 2014	559	135	0	0	0	694
31 March 2013	0	351	0	0	0	351
31 March 2012	1,834	75	0	0	0	1,909
Total cost or valuation	2,756	1,096	109	323	169	4,453

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13. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2014/15 £000		2015/16 £000
2	Rental income from investment property	14
(5)	Direct operating expenses arising from investment property	(10)
(3)	Net gain / (loss)	4

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year.

2014/15 £000		2015/16 £000
339	Balance at start of the year	339
	Additions:	
0	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
0	Net gains / losses from fair value adjustments	1
	Transfers:	
0	To / from Inventories	0
0	To / from Property, Plant and Equipment	0
0	Other changes	0
339	Balance at end of the year	340

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14. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000
Investments				
Loans and receivables	0	0	3,254	2,760
Financial assets at fair value through profit and loss	0	0	0	0
Total investments	0	0	3,254	2,760
Debtors				
Loans and receivables	11	10	599	494
Financial assets carried at contract amounts	0	0	0	0
Total debtors	11	10	599	494
Borrowings				
Financial liabilities at amortised cost	167	152	15	15
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	167	152	15	15
Other Long Term Liabilities				
Finance lease liabilities	118	74	53	48
Total other long term liabilities	118	74	53	48
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	2,065	1,896
Total Creditors	0	0	2,065	1,896

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Income, Expense Gains and Losses

2014/15				2015/16		
Financial Liabilities measured at amortised cost £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000		Financial Liabilities measured at amortised cost £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000
36	0	36	Interest Expense	40	0	40
36	0	36	Total expense in Surplus or Deficit on the Provision of Services	40	0	40
0	(19)	(19)	Interest Income	0	(23)	(23)
0	(19)	(19)	Total Income in Surplus or Deficit on the Provision of Services	0	(23)	(23)
36	(19)	17	Net (gain) / loss for the year	40	(23)	17

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Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Fixed interest rate of 4.82% over the 20 year PWLB loan;
- No early repayment or impairment is recognised; and
- The fair value of trade and other receivables is taken to be invoices or billed amount.

The fair values calculated are as follows:

	31 March 2015		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	284	340	227	280
Long term Creditors	0	0	0	0

	31 March 2015		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	0	0	0	0
Long term Debtors	10	10	10	10

Available for sale assets and assets and liabilities at fair value through profit and loss are carried in the balance sheet at their fair value. These fair values are based on public quotations where there is an active market for the instrument.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

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15. Inventories

	Consumable Stores		Maintenance Materials		Total	
	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000
Balance outstanding at start of year	43	44	72	68	115	112
Purchases	38	27	85	80	123	107
Recognised as an expense in year	(37)	(28)	(89)	(78)	(126)	(106)
Written off balances	0	(9)	0	0	0	(9)
Balance outstanding at year-end	44	34	68	70	112	104

16. Debtors

31 March 2015 £000		31 March 2016 £000
125	Central government bodies	95
5	Other local authorities	0
385	Prepayments	326
84	Other entities and individuals	73
599	Total	494

17. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2015 £000		31 March 2016 £000
2	Cash held by the Broads Authority	2
3,250	Investments with Broadland District Council	2,750
1,060	Bank current accounts	1,385
4,312	Total Cash and Cash Equivalents	4,137

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18. Creditors

31 March 2015 £000		31 March 2016 £000
63	Central government bodies	65
19	Other local authorities	6
0	NHS bodies	1
1,612	Accruals	1,586
0	Public corporations and trading funds	0
424	Other entities and individuals	286
2,118	Total	1,944

19. Provisions

2014/15				2015/16		
Accumulated Absences Provision £000	Redundancy Provision £000	Total £000		Accumulated Absences Provision £000	Redundancy Provision £000	Total £000
51	0	51	Balance at 1 April	47	0	47
47	0	47	Additional provisions made in year	43	0	43
(51)	0	(51)	Settlements or cancellation of provision made at end of preceding year	(47)	0	(47)
0	0	0	Unused amounts reversed in year	0	0	0
0	0	0	Unwinding of discounting in year	0	0	0
47	0	47	Balance at 31 March	43	0	43

No provision for redundancy costs was made in 2015/16 or 2014/15. For more information on the Accumulated Absence Account, see note 21.

20. Usable reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

21. Unusable reserves

31 March 2015 £000		31 March 2016 £000
1,426	Revaluation reserve	1,426
2,875	Capital Adjustment Account	3,079
(7,372)	Pensions Reserve	(5,274)
(47)	Accumulated Absences Account	(43)
(3,118)	Total unusable reserves	(812)

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Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2014/15 £000			2015/16 £000
1,486	Balance at 1 April		1,426
0	Upward revaluation of assets	22	
0	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	0	
0	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services		22
(33)	Difference between fair value depreciation and historical cost depreciation	(15)	
0	Accumulated gains on assets sold or scrapped	0	
(27)	Asset disposed of 2014/15, balance still on reserve	(7)	
(60)	Amount written off to the Capital Adjustment Account		(22)
1,426	Balance at 31 March		1,426

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2014/15 £000			2015/16 £000
2,908	Balance at 1 April		2,875
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(310)	Charges for depreciation and impairment of non current assets	(330)	
(6)	Revaluation losses on Property Plant & Equipment	0	
0	Movements in the market value of investment properties	1	
(14)	Amortisation of intangible assets	0	
(51)	Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(22)	
(381)		(351)	
60	Adjusting amounts written out of the revaluation reserve	21	
(321)	Net written out amount of the cost of non-current assets consumed in the year		(330)
	Capital financing applied in the year:		
0	Use of Capital Receipts Reserve to finance new capital expenditure	0	
0	Use of the Major Repairs Reserve to finance new capital expenditure	0	
0	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0	
0	Donated Assets (no conditions)	0	
70	Statutory provision for the financing of capital investment charged against the General Fund	67	
	Removal of Finance Lease Liability for assets returned in year		
218	Capital expenditure charged against the General Fund	467	
288			534
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	
2,875	Balance at 31 March		3,079

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15 £000		2015/16 £000
(5,377)	Balance at 1 April	(7,372)
(1,584)	Remeasurements of the net defined benefit liability / (asset)	2,641
(955)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,117)
544	Employer's pension contributions and direct payments to pensioners payable in the year	574
(7,372)	Balance at 31 March	(5,274)

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Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

2014/15 £000		2015/16 £000
(51)	Balance at 1 April	(47)
51	Settlement or cancellation of accrual made at the end of the preceding year	47
(47)	Amounts accrued at the end of the current year	(43)
4	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4
(47)	Balance at 31 March	(43)

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22. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

2014/15 £000		2015/16 £000
(23)	Interest received	(23)
36	Interest paid	40
0	Dividends received	0
13	Net cash flows from operating activities	17

23. Cash Flow Statement – Investing Activities

2014/15 £000		2015/16 £000
(218)	Purchase of property, plant and equipment, investment property and intangible assets	(467)
4	Other payments from investing activities	(6)
(56)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(5)
(270)	Net cash flows from investing activities	(478)

24. Cash Flow Statement – Financing Activities

2014/15 £000		2015/16 £000
0	Cash receipts of short and long term borrowing	0
(54)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(52)
0	Other receipts from Financing Activities	0
(15)	Repayments of short and long term borrowing	(14)
(69)	Net cash flows from financing activities	(66)

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25. Amounts reported for resource allocation decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Broads Authority on the basis of budget reports analysed across Directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement); and
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than the current service cost of benefits accrued in the year.

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

Income and Expenditure 2014/15	Operations	Planning & Resources	Chief Executive	PRISMA	STEP	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(217)	(472)	0	(25)	2	(2,986)	(3,698)
Contributions from reserves	0	0	0	0	0	(384)	(384)
Government Grants	0	0	0	0	0	(3,245)	(3,245)
Total Income	(217)	(472)	0	(25)	2	(6,615)	(7,327)
Employee expenses	1,925	1,706	303	11	0	0	3,945
Other service expenses	1,528	1,451	114	88	0	93	3,274
Total expenditure	3,453	3,157	417	99	0	93	7,219
Net expenditure	3,236	2,685	417	74	2	(6,522)	(108)

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Income and Expenditure 2015/16	Operations	Planning & Resources	Chief Executive	PRISMA	STEP	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(228)	(590)	(24)	0	0	(3,026)	(3,868)
Contributions from reserves	0	0	0	0	0	(525)	(525)
Government Grants	0	0	0	0	0	(3,189)	(3,189)
Total Income	(228)	(590)	(24)	0	0	(6,740)	(7,582)
Employee expenses	1,900	1,725	262	0	0	0	3,887
Other service expenses	1,858	1,304	255	10	0	112	3,539
Total expenditure	3,758	3,029	517	10	0	112	7,426
Net expenditure	3,530	2,439	493	10	0	(6,628)	(156)

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This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2014/15 £000		2015/16 £000
(108)	Net expenditure in the directorate analysis	(156)
626	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	627
3,099	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	2,908
3,617	Cost of services in Comprehensive Income and Expenditure Statement	3,379

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Reconciliation between Segmental Reporting and Comprehensive Income & Expenditure Statement

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15	Service analysis £000	Amounts not reported to management for decision making £000	Amounts included in analysis but not in CI&ES £000	Cost of services £000	Corporate amounts £000	Total £000
Fees, Charges & Other Service Income	(3,679)	0	0	(3,679)	0	(3,679)
Interest & Investment Income	(19)	0	19	0	(19)	(19)
Contributions from reserves	(384)	0	159	(225)	0	(225)
Government Grants & Contributions	(3,245)	0	3,245	0	(3,245)	(3,245)
Total Income	(7,327)	0	3,423	(3,904)	(3,264)	(7,168)
Employee Expenses	3,944	174	0	4,118	239	4,357
Other service expenses	3,275	122	(324)	3,073	0	3,073
Depreciation, Amortisation & Impairment	0	330	0	330	0	330
Interest Payments	0	0	0	0	36	36
Income and expenditure relating to investment properties	0	0	0	0	3	3
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	(5)	(5)
Total Expenditure	7,219	626	(324)	7,521	273	7,794
(Surplus) or Deficit on the Provision of Services	(108)	626	3,099	3,617	(2,991)	626

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2015/16	Service analysis £000	Amounts not reported to management for decision making £000	Amounts included in analysis but not in CI&ES £000	Cost of services £000	Corporate amounts £000	Total £000
Fees, Charges & Other Service Income	(3,845)	0	0	(3,845)	0	(3,845)
Interest & Investment Income	(23)	0	23	0	(23)	(23)
Contributions from reserves	(525)	0	261	(264)	0	(264)
Government Grants & Contributions	(3,189)	0	3,189	0	(3,189)	(3,189)
Total Income	(7,582)	0	3,473	(4,109)	(3,212)	(7,321)
Employee Expenses	3,886	298	0	4,184	241	4,425
Other service expenses	3,540	0	(565)	2,975	0	2,975
Depreciation, Amortisation & Impairment	0	329	0	329	0	329
Interest Payments	0	0	0	0	40	40
Income and expenditure relating to investment properties	0	0	0	0	(4)	(4)
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	15	15
Total Expenditure	7,426	627	(565)	7,488	292	7,780
(Surplus) or Deficit on the Provision of Services	(156)	627	2,908	3,379	(2,920)	459

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26. Members' Allowances

The Authority paid the following amounts to Members of the Authority during the year:

2014/15 £000		2015/16 £000
40	Allowances	40
10	Expenses	5
50	Total	45

27. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

		Salary, Fees and Allowances £000	Bonuses £000	Expenses Allowances £000	Pension Contribution £000	Total £000
Chief Executive	2014/15	82	0	0	12	94
	2015/16	83	0	0	13	96
Director of Planning & Resources	2014/15	58	0	0	9	67
	2015/16	58	0	0	9	67
Director of Operations	2014/15	58	0	0	9	67
	2015/16	58	0	0	9	67

The number of employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is shown below:

2014/15 Number of Employees		2015/16 Number of Employees
0	£50,000 - £54,999	0
2	£55,000 - £59,999	2
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
1	£80,000 - £84,999	1

Exit Packages

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The number and cost of exit packages agreed, analysed between compulsory redundancies and other departures, are disclosed in the table below:

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15 £000	2015/16 £000
£0 - £20,000	6	0	0	0	6	0	34	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
Total	6	0	0	0	6	0	34	0

28. External Audit Costs

The Broads Authority has incurred the following fees relating to audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2014/15 £000		2015/16 £000
13	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	13
0	Fees payable to external auditors in respect of statutory inspections	0
0	Fees payable to external auditors for the certification of grant claims and returns for the year	0
0	Fees payable in respect of other services provided by external auditors during the year	0
13	Total	13

29. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2014/15 £000		2015/16 £000
3,245	Credited to taxation and non-specific grant income: Defra National Park Grant	3,189
0	Credited to services: Heritage Lottery Fund – Landscape Partnership Scheme	19
3,245	Total	3,208

30. Related Parties

The Broads Authority is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Details of government grants are included in note 11.

Members

Members of the Broads Authority have direct control over the Authority's financial and operating policies. Members of the Navigation Committee have a consultative role in respect of navigation matters. The Authority wrote to all Members requesting details of any related party transactions. Details of Members' expenses are included in note 26.

A number of members of the Broads Authority are appointed by Local Authorities within the Broads area. The Authority transacts with these other Local Authorities for items such as rates in the normal course of business. There were no material transactions with Local Authorities which are not disclosed elsewhere within the Statement of Accounts.

Mr Phil Durant is a member of the Broads Authority and Navigation Committee and has a relationship with 'Gardline Environmental Ltd' which was contracted by the Authority to undertake an environment report on dredging feasibility. The Authority paid £5,940 in 2015/16. The balance outstanding at 31 March 2016 was £5,940. Mr Durant took no part in the decision-making process associated with this contract.

Mr Alan Goodchild is a member of the Navigation Committee and has a relationship with 'Goodchild Marine' which was contracted by the Authority to build a new launch during the year, refits, dredging, supply diesel fuel and mooring facilities. The Authority paid £53,183 for the new launch, £3,267 for dredging, £3,023 for refits, £6,770 for fuel and moorings in 2015/16 (£6,394 for refits, and £6,402 for fuel and moorings in 2014/15). No amounts were outstanding at 31 March 2016. Mr Goodchild took no part in the decision-making process associated with these contracts.

Mr James Knight is a member of the Navigation Committee and has a relationship with 'Waveney River Centre (2003) Ltd' which paid £6,643 navigation tolls to the Broads Authority in 2015/16 (£6,589 in 2014/15). The Authority also made fuel purchases of £1,217 (£973 in 2014/15) and used mooring facilities of £2,250 (£4,410 in 2014/15) during 2015/16. No amounts were outstanding at 31 March 2016.

Mr Michael Whitaker is a member of the Broads Authority and Navigation Committee, has a relationship with 'Herbert Woods LLP' which paid £172,446 navigation tolls to the Broads Authority in 2015/16 (£175,380 in 2014/15). The Authority also made fuel purchases of £1,488 (£1,888 in 2014/15) and paid £2,100 relating to a land purchase. No amounts were outstanding at 31 March 2016. Mr Whitaker also has a relationship with 'Waterside Marine Sales LLP' which was the sales agent in the sale of two of the Authority's launches. The Authority paid £2,268 in commission in 2014/15.

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Mr Brian Wilkins is a member of the Navigation Committee and has a relationship with 'Canham Consulting Ltd' which was contracted for engineering design services. The Authority paid £2,550 (£9,000 in 2014/15) during 2015/16. No amounts were outstanding at 31 March 2016. Mr Wilkins took no part in the decision-making process associated with this contract.

Officers

The Chief Executive represents the Broads Authority on the board of the Whitlingham Charitable Trust. Officer remuneration is detailed in note 27.

Whitlingham Charitable Trust

During the year the Authority provided administration services for Whitlingham Charitable Trust of £41,549 (£53,367 in 2014/15). The balance outstanding at 31 March 2016 was £21,590 (£27,303 at 31 March 2015).

The Broads Authority also provides a recharge service for purchase invoices and salaries of £30,995 (£45,581 in 2014/15). The balance outstanding at 31 March 2016 was £4,196 (£12,818 at 31 March 2015).

The Whitlingham Charitable Trust also invoiced the Authority £15,264 (£15,264 in 2014/15) for rental income for the lease of the visitor centre and moorings. The balance outstanding at 31 March 2016 was £864. The Trust can also recharge purchase invoices, although there were none in 2015/16 (£1,160 in 2014/15).

Other Public Bodies

Broadland District Council provides financial services for the Broads Authority. The Broads Authority was charged £3,546 in 2015/16 for the provision of this service (£11,497 (including payroll until 30/09/14) in 2014/15). The balance outstanding at 31 March 2016 was £954.

The Council also provides treasury management of the Authority's investments, which were £2,750,000 as at 31 March 2016 (£3,275,000 as at 31 March 2015).

The Authority also recharged the Council for staff of £13,667 during 2015/16 (£13,697 in 2014/15). No amounts were outstanding at 31 March 2016.

The Head of Finance and Revenue Services for Broadland District Council serves as the Treasurer and Financial Adviser (Section 17 Officer) for the Broads Authority.

Norfolk County Council provides legal services to the Broads Authority via its legal practice, NPLaw. The Authority paid £83,968 for legal services in 2015/16 (£131,612 in 2014/15). The Practice Director of NPLaw served as the Solicitor and Monitoring Officer to the Broads Authority from January 2016.

Norfolk County Council also provides payroll services to the Broads Authority. The Authority paid £6,954 for this in 2015/16 (£9,073 in 2014/15). There were no amounts outstanding at 31 March 2016.

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31. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2014/15 £000		2015/16 £000
319	Opening Capital Finance Requirement	347
	<u>Capital Investment</u>	
316	Property, Plant and Equipment	467
0	Intangible Assets	0
	<u>Sources of Finance</u>	
	Sums set aside from revenue:	
(218)	Direct revenue contributions	(467)
(70)	MRP	(67)
0	Other contributions	0
347	Closing Capital Finance Requirement	280
	<u>Explanation of movements in year</u>	
(69)	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	(67)
97	Assets acquired under finance leases	0
28	Increase / (decrease) in Capital Financing Requirement	(67)

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32. Leases

Authority as Lessee

Finance Leases

The Authority has a number of vehicles, plant and office equipment acquired under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2014/15 £000		2015/16 £000
0	Other Land and Buildings	0
203	Vehicles, Plant, Furniture and Equipment	136
203	Total	136

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

2014/15 £000		2015/16 £000
54	Finance lease liabilities (net present value of minimum lease payments):	48
118	• Current	74
13	• Non-current	6
13	Finance costs payable in future years	6
185	Minimum lease payments	128

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000
Not later than one year	57	51	54	48
Later than one year and not later than 5 years	128	77	118	74
Later than 5 years	0	0	0	0
	185	128	172	122

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2015/16, no (£0) contingent rents were payable by the Authority (2014/15 £0).

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Operating Leases

The Authority has acquired vehicles by entering into operating leases, with typical lives of 7 years. The Authority has also established operating leases in relation to land and buildings with typical lives between 10 and 20 years. The future minimum lease payments due under non-cancellable leases in future years are:

2014/15 £000		2015/16 £000
144	Not later than one year	148
395	Later than one year and not later than 5 years	281
456	Later than 5 years	453
995	Total	882

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2014/15 £000		2015/16 £000
172	Minimum lease payments	175
0	Contingent rents	0
0	(sub-lease payments receivable)	0
172	Total	175

Authority as Lessor

Finance Leases

The Authority has no leased out property on a finance lease.

Operating Leases

The Authority leases out land and property under operating leases for the following purposes:

- For the provision of community services, such as tourism services; and
- For an outdoor education and study centre.

The future minimum lease payments receivable under non-cancellable operating leases in future years are:

2014/15 £000		2015/16 £000
35	Not later than one year	55
91	Later than one year and not later than 5 years	191
0	Later than 5 years	7
126	Total	253

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

33. Termination Benefits

The Authority terminated the contracts of six employees who were made redundant in 2014/15 as the final stage of the Broads Authority's organisational restructuring. In terminating these contracts the Authority incurred liabilities of £34,916, of which £nil related to enhanced pension benefits. No liabilities relating to termination benefits were incurred during 2015/16 and no provision for any future redundancy payments was established in the year.

34. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Broads Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make future payments and thus these need to be disclosed as a future entitlement. The Authority participates in one pension scheme:

- The Norfolk Pension Fund for civilian employees (the Local Government Pension Scheme), administered locally by Norfolk County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Transactions Relating to Post-Employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against tolls and Defra grant is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and via the Movement in Reserves Statement during the year:

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2014/15 £000		2015/16 £000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
722	• current service cost	876
0	• past service costs / (gain)	0
0	• (gain) / loss from settlements	0
	Financing and investment income and expenditure	
233	• net interest expense	241
955	Total post-employment benefits charged to the surplus or deficit on the provision of services	1,117
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
(1,639)	• return on plan assets (excluding the amount included in the net interest expense)	150
0	• actuarial gains and losses arising on changes in demographic assumptions	0
3,560	• actuarial gains and losses arising on changes in financial assumptions	(2,687)
(337)	• other experience	(104)
1,584	Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	(2,641)
	Movement in Reserves Statement	
955	• reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	1,117
	Actual amount charged against the General Fund balance for pensions in the year:	
(544)	• employers' contributions payable to scheme	(574)

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Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plan is as follows:

2014/15 £000		2015/16 £000
(27,383)	Present value of the defined benefit obligation	(25,845)
20,011	Fair value of plan assets	20,571
(7,372)		(5,274)
0	Other movements in the liability / (asset)	0
(7,372)	Net liability arising from defined benefit obligation	(5,274)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

2014/15 £000		2015/16 £000
17,433	Opening fair value of scheme assets	20,011
744	Interest income	641
	Remeasurement gain / (loss):	
1,639	• The return on plan assets, excluding the amount included in the net interest expense	(150)
0	• Other	0
0	The effect of changes in foreign exchange rates	0
544	Contributions from employer	574
206	Contributions from employees into the scheme	204
(555)	Benefits paid	(709)
0	Other	0
20,011	Closing fair value of scheme assets	20,571

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Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2014/15 £000		2015/16 £000
22,810	Balance at 1 April	27,383
722	Current service cost	876
977	Interest cost	882
206	Contributions from scheme participants	204
	Remeasurement (gains) and losses:	
0	• Actuarial gains / losses arising from changes in demographic assumptions	0
3,560	• Actuarial gains / losses arising from changes in financial assumptions	(2,687)
(337)	• Other	(104)
0	Past service cost	0
0	Losses / (gains) on curtailment	0
0	Liabilities assumed on entity combinations	0
(555)	Benefits paid	(709)
0	Liabilities extinguished on settlements (where relevant)	0
27,383	Balance at 31 March	25,845

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Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2014/15 £000				Fair value of scheme assets 2015/16 £000		
Quoted prices in active markets	Quoted prices not in active markets	Total		Quoted prices in active markets	Quoted prices not in active markets	Total
-	534.0	534.0	Cash and cash equivalents:	-	443.9	443.9
			• All cash and cash equivalents			
			Equity instruments:			
860.3	-	860.3	• Consumer	1,476.2	-	1,476.2
1,061.5	-	1,061.5	• Manufacturing	1,072.0	-	1,072.0
440.6	-	440.6	• Energy and utilities	462.0	-	462.0
1,286.9	-	1,286.9	• Financial institutions	1,346.0	-	1,346.0
676.7	-	676.7	• Health and care	657.0	-	657.0
680.0	-	680.0	• Information technology	618.7	-	618.7
1,014.2	-	1,014.2	• Other	-	-	-
			Bonds (Debt securities):			
841.8	-	841.8	• Corporate bonds (investment grade)	-	-	-
21.8	-	21.8	• Corporate bonds (non-investment grade)	-	-	-
-	-	-	• UK Government	-	-	-
-	-	-	• Other	-	-	-
			Private equity:			
-	1,316.1	1,316.1	• All private equity	-	1,322.6	1,322.6
			Property:			
-	2,125.3	2,125.3	• UK property	-	2,344.6	2,344.6
-	244.0	244.0	• Overseas property	-	317.0	317.0
			Other investment funds and unit trusts:			
8,054.3	-	8,054.3	• Equities	5,282.4	-	5,282.4
828.7	-	828.7	• Bonds	5,292.2	-	5,292.2
			Derivatives:			
24.8	-	24.8	• Other derivatives	-	-	-
-	-	-	• Foreign exchange	(63.6)	-	(63.6)
15,791.6	4,219.4	20,011.0		16,142.9	4,428.1	20,571.0

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Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2013.

The principal assumptions used by the actuary have been:

31 March 2015		31 March 2016
	Long term expected rate of return on assets in the scheme:	
3.2%	• Equity investments*	3.5%
3.2%	• Bonds*	3.5%
3.2%	• Property*	3.5%
3.2%	• Cash*	3.5%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.1 years	• Men	22.1 years
24.3 years	• Women	24.3 years
	Longevity at 65 for future pensioners:	
24.5	• Men	24.5
26.9	• Women	26.9
2.4%	Rate of inflation	2.2%
3.3%	Rate of increase in salaries	3.2%
2.4%	Rate of increase in pensions	2.2%
3.2%	Rate for discounting scheme liabilities	3.5%
	Take up of option to convert annual pension into retirement lump sum:	
50%	Pre- April 2008 service	50%
75%	Post- April 2008 service	75%

*The expected rates of return are set equal to the discount rate (per the revised version of IAS19).

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions at the end of the reporting period and assumes for each other change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below are consistent with those adopted in the previous period.

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Sensitivity analysis – impact on the defined benefit obligation in the scheme

Change in assumptions at 31 March 2016	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	11%	22,843
1 year increase in member life expectancy	3%	775
0.5% increase in the salary increase rate	3%	805
0.5% increase in the pension increase rate	8%	2,003

Techniques used to manage risk

The Pensions Committee of Norfolk County Council considers long term liabilities when setting its investment strategy but does not follow a specific liability matching investment approach having taken appropriate professional advice. The Committee has agreed an asset allocation benchmark, a performance target and various controls on the Fund's investments. These reflect their views on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk. The Committee monitors and reviews the performance of investments and the overall strategy on a regular basis, supported by advice from professional advisers as required. A large proportion of the Fund's assets relate to equities (60% of scheme assets) and bonds (26%). These percentages are materially the same as the previous year. The scheme also invests in properties as part of the diversification of the scheme's investments.

Further details of the Fund's investment approach are outlined in the Statement of Investment Principles and Funding Strategy Statement that are published on the Fund's website www.norfolkpensionfund.org.

Impact on the Authority's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Administering Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation will take place on 31 March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority anticipates paying contributions of approximately £582,000 to the scheme in 2016/17.

The weighted average duration of the defined benefit obligation for scheme members is as follows:

Market Risk The possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market investments.

Foreign Exchange Risk The possibility that financial loss might arise for the Authority as a result of changes in the exchange rate (GBP and Euro).

The Broads Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers. Deposits are only made via Broadland District Council under their Treasury Management Strategy which requires that deposits are not made with banks and financial institutions unless they are highly rated. Therefore the Broads Authority does not consider there to be any quantifiable risk in relation to investments.

The Authority's standard terms and conditions for payment of invoices are 30 days from invoice date. The Authority does not allow credit for customers, and only a small proportion of invoices were overdue and outstanding as at 31 March 2015 for which a bad debt provision had not been put in place.

Liquidity Risk

In the past the Broads Authority has had access to three-year funding from Defra but currently only has a one year confirmation for 2015/16. The change of government brings uncertainties whether future three-year funding will be available following another comprehensive spending review. Given the significant cash balances there is no significant risk that it will be unable to meet its commitments under financial instruments. All financial liabilities are due to be repaid within one year with the exception of the 20 year PWLB loan. Therefore there is no risk of having to borrow at unfavourable rates in future to replenish borrowings.

Market Risk

With the exception of the PWLB loan, the Broads Authority is debt free. Excess cash is invested at variable or fixed money market rates depending on forecasts for interest rates under the period of review.

Foreign Exchange Risk

The Authority's Annual Investment and Capital Financing Strategy for 2014/15 states that if the Authority enters into any contractual arrangements above £100,000 which involve foreign currency, the advice of the Treasurer and Financial Adviser will be sought on the advisability of hedging the exchange risk before entering into the contract.

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37. Navigation Income and Expenditure Account

2014/15				2015/16		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000
3,282 0	(3,074) 0	208 0	Navigation Fund Non-distributed costs	3,310 0	(3,142) 0	168 0
3,282	(3,074)	208	Net cost of services	3,310	(3,142)	168
		(2)	Other operating expenditure			(1)
		113	Financing and investment income and expenditure			122
		0	Taxation and non-specific grant income			0
		319	(Surplus) or deficit on the provision of services			289
		0	(Surplus) or deficit on revaluation of fixed assets			(22)
		671	Actuarial (gains) / losses on pension assets / liabilities			(1,151)
		990	Total comprehensive income and expenditure			(884)

Glossary of Terms

ACCOUNTING PERIOD

The period of time covered by the accounts, a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCOUNTING POLICIES

The basis on which an organisation's financial statements are based to ensure that those statements 'present fairly' the financial position and transactions of that organisation. Accounting concepts include 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements'.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

These may arise on both defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated). A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated).

AMORTISATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of an intangible long term asset.

AMORTISED COST

This is cost that has been adjusted for amortisation.

ASSET

An item owned by the Authority which has a value, for example, premises, vehicles, equipment, cash.

BUDGET

The statement of the Authority's policy expressed in financial terms usually for the current or forthcoming financial year. The Revenue Budget covers running expenses (see also: revenue income and expenditure), and the Capital Budget plans for asset acquisitions and replacements (see also: capital income and expenditure).

CAPITAL INCOME AND EXPENDITURE

Expenditure on the acquisition of a long term asset, which lasts normally for more than one year, or expenditure which adds to the life or value of an existing long term asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CASH EQUIVALENTS

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment purposes.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional accountancy institute that sets the standards for the public sector. CIPFA publishes the Accounting Codes of Practice for local government.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING (the Code)

Based on International Financial Reporting Standards, the Code aims to achieve consistent financial reporting between all English local authorities and National Park Authorities. It is based on generally accepted accounting standards and practices.

COMMUNITY ASSETS

Community assets are assets that the Authority intends to hold for an unlimited period of time, have no determinable finite useful life and may have restrictions on their disposal.

CONTINGENT LIABILITIES

Potential costs that the Authority may incur in the future because of something that happened in the past.

CORPORATE AND DEMOCRATIC CORE (CDC)

Corporate and Democratic Core represents costs associated with democratic representation and management and corporate management. Democratic representation and management includes all aspects of Members' activities. Corporate management concerns the cost of the infrastructure that allows services to be provided and the cost of providing information that is required for public accountability. Such costs form part of total service expenditure, but are excluded from the costs of any particular service.

CREDITORS

Amounts owed by the Authority for goods and services provided for which payment has not been made at the end of the financial year.

CURRENT VALUE

This is the cost of an asset if bought in the current year.

DEBTORS

Sums of money due to the Authority but not received at the end of the financial year.

DEFICIT

Arises when expenditure exceeds income or when expenditure exceeds available budget.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a long term asset.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The price at which the Authority could buy or sell an asset in a transaction with another organisation, less any grants received towards buying or using that asset.

FINANCIAL ASSET

A right to future economic benefits.

FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset in one organisation and a financial liability in another.

FINANCIAL LIABILITY

An obligation to transfer economic benefits.

FINANCE LEASE

A lease which transfers all of the risks and rewards of ownership of a long term asset to the lessee. Where these leases are entered into, the assets acquired have to be included with the Authority's long term assets in the balance sheet at the market value of the asset involved (see also: operating lease).

LONG TERM ASSETS

Assets that yield benefits to the Authority and the services it provides for a period of more than one year.

GOVERNMENT GRANTS

Grants paid by the Government. These can be for general expenditure or a particular service or initiative.

HISTORIC COST

The cost of an asset when originally bought.

IAS19 RETIREMENT BENEFITS

An International Financial Reporting Standard which requires local authorities to reflect the true value of the assets and liabilities relating to the Pension Fund in their financial statements.

IMPAIRMENT

A reduction in the value of a long term asset to below its carrying amount in the Balance Sheet. Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (fire at a building) or a deterioration in the quality of the service provided by the asset, or by a general fall in prices of that particular asset or type of asset.

INFRASTRUCTURE ASSETS

Long term assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTANGIBLE ASSETS

Intangible assets are non-financial long term assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

International Financial Reporting Standards (IFRS) are issued by the International Accounting Standards Board. All local authorities apply international accounting regulations when preparing accounts. The Authority's accounts follow these standards where they apply to local authorities.

INVESTMENT PROPERTIES

Assets that the Authority owns but which are not used in the direct delivery of services.

LIABILITY

An obligation to transfer economic benefits. Current liabilities are usually payable within one year.

MARKET PRICE

This is the price at which another organisation is prepared to buy or sell an asset.

MINIMUM REVENUE PROVISION (MRP)

The minimum sum charged to the Authority's revenue account each year to provide for the repayment of loans.

NET BOOK VALUE

The amount at which long term assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NON DISTRIBUTED COSTS

These are specific overheads relating to unused assets and certain pension costs for employees' service in previous years. These are not allocated to service departments because they do not relate to the in-year cost of providing the service.

OPERATING LEASE

A lease whereby the ownership of the asset remains with the leasing company and an annual rent is charged to the relevant service. The assets involved are not included within the Authority's long term assets in the balance sheet (see also: finance lease).

OUTTURN

The actual amount spent in the financial year.

PENSION FUND

A fund which makes pension payments on retirement of its participants.

PROVISION

An amount set aside to provide for a liability, which is likely to be incurred, but where the exact amount and the date on which it will arise are uncertain.

RESERVES

An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

REVENUE INCOME AND EXPENDITURE

Expenditure which relates to day to day expenses, such as salaries and wages, general running expenses and the minimum revenue provision. Revenue income includes charges made for goods and services.

SERVICE REPORTING CODE OF PRACTICE (SeRCOP)

CIPFA guidance which supports local authorities in financial reporting to stakeholders. It establishes 'proper practice' with regard to consistent financial reporting, which allows direct comparisons of financial information to be made with other National Parks.

SURPLUS

Arises when income exceeds expenditure or when expenditure is less than available budget.

VALUE ADDED TAX (VAT)

A tax on consumer expenditure, collected on business transactions at each stage in the supply, but ultimately borne by the final customer.

VARIANCE / VARIATION

A difference between budgeted income or expenditure and actual outturn, also referred to as an 'over-' or 'underspend'.

Internal Audit Annual Report and Opinion 2015/16
Report by Head of Internal Audit

Summary: This report provides the Authority with an Annual Report and Opinion for 2015/16, drawing upon the outcomes of Internal Audit work performed over the course of the year and a conclusion on the Effectiveness of Internal Audit.

Recommendation: That the Committee is requested to:

- (i) receive and approve the contents of the Annual Report and Opinion of the Internal Audit Consortium Manager;
- (ii) note that a reasonable audit opinion (positive) has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2016;
- (iii) note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Authority's Annual Governance Statement for 2015/16.
- (iv) note the conclusions of the Review of the Effectiveness of Internal Audit.

1 Introduction / Background

1.1 In line with the Public Sector Internal Audit Standards, which came into force from 1 April 2013, an annual opinion should be generated which concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control:

- A summary of the work that supports the opinion should be submitted
- Reliance placed on other assurance providers should be recognised
- Any qualifications to that opinion, together with the reason for qualification must be provided
- There should be disclosure of any impairments or restriction to the scope of the opinion
- There should be a comparison of actual audit work undertaken with planned work
- The performance of internal audit against its performance measures and targets should be summarised
- Any other issues considered relevant to the Annual Governance Statement should be recorded

- 1.2 This report also contains conclusions on the Review of the Effectiveness of Internal Audit, which includes:
- The degree of conformance with the PSIAS and the results of any quality assurance and improvement programme
 - The outcomes of the performance indicators
 - The degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit
- 1.3 The Annual Report and Opinion 2015/16 and the Review of the Effectiveness of Internal Audit are shown in the report attached.
- 1.4 On the basis of Internal Audit work performed during 2015/16, the Internal Audit Consortium Manager is able to give a **reasonable** opinion (positive) on the framework of governance, risk management and control at the Broads Authority.
- 1.5 The outcomes of the Effectiveness Review confirm that Internal Audit:
- Is compliant with the Public Sector Internal Audit Standards
 - Is continually monitoring performance and looking for ways to improve
 - Is compliant with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations

These findings therefore indicate that reliance can be placed on the opinions expressed by the Internal Audit Consortium Manager, which can then be used to inform the Authority's Annual Governance Statement.

Background Papers:	None
Author:	Emma Hodds, Internal Audit Consortium Manager
Date of Report:	20 June 2016
Broads Plan Objectives:	None
Appendices:	APPENDIX 1 – Annual Report and Opinion 2015/16

Eastern Internal Audit Services



BROADS AUTHORITY

Annual Report and Opinion 2015/16

Responsible Officer: Emma Hodds – Internal Audit Consortium Manager

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive (known in this context as the Internal Audit Consortium Manager - IACM) to provide a written report to those charged with governance (known in this context as the Financial Scrutiny and Audit Committee) to support the Annual Governance Statement (AGS). This report must set out:-
- The opinion on the overall adequacy and effectiveness of the Authority’s framework of governance, risk management and control during 2015/16, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation’s Annual Governance Statement, but there are also a number of other important sources to which the Financial Scrutiny and Audit Committee and statutory officers of the Authority should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 5**.

2. ANNUAL OPINION OF THE IACM

2.1 Roles and responsibilities

- The Authority is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.
- The AGS is an annual statement by the Chairman of the Authority and the Chief Executive that records and publishes the Authority’s governance arrangements.
- An annual opinion is required on the overall adequacy and effectiveness of the Authority’s framework of governance, risk management and control, based upon and limited to the audit work performed during the year.

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with Senior Management Team and key stakeholders and then approved by the Financial Scrutiny and Audit Committee at its meeting on 10 February 2015. Any justifiable amendments that are requested during the year are discussed and agreed with

senior management. This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be taken into account during the preparation of the AGS.

The Financial Scrutiny and Audit Committee should consider this opinion, together with any assurances from management, its own knowledge of the Authority and any assurances received throughout the year from other review bodies such as the external auditor.

2.2 The opinion itself

- The overall opinion is that the framework of governance, risk management and control is deemed to be **reasonable**, indicating a continued stable control environment, with some improvements needed to enhance the controls to mitigate associated risks.
- In providing the opinion the Authority's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified therefrom have been taken into account.
- The opinion has been discussed with the Section 17 Officer prior to publication.

3. AUDIT WORK UNDERTAKEN DURING THE YEAR

3.1 **Appendix 1** records the internal audit work delivered during the year on which the opinion is based. In addition **Appendix 2** is attached which shows the assurances provided over previous financial years to provide an overall picture of the control environment.

3.2 Internal audit work is divided into 4 broad categories;

- Annual opinion audits;
- Fundamental financial systems that underpin the Authority's financial processing and reporting;
- Service area audits identified as worthy of review by the risk assessment processes within internal audit;
- Significant computer systems which provide the capability to administer and control the Authority's main activities.

3.3 The Financial Scrutiny and Audit Committee approved the Annual Internal Audit Plan for 2015/16, which totalled 35 days and encompassed:

- An annual opinion of Corporate Governance and Risk Management (relating to 2014/15);
- A fundamental financial system review of key controls and assurance, including verification of completion of audit recommendations;
- Service audit of planning ; and
- IT audit review (scope was to be confirmed).

Some amendments were made and agreed within year to the audit plan, as follows;

Audit description	Nature of change
IT audit review	Due to resourcing issues this audit has been deferred to 2016/17 and it has also been agreed to review this area every two years instead of

Replaced by Governance	annually. In its place it was agreed that the opportunity would be taken to bring the Governance review within year, instead of looking back at the previous financial year. The scope for the audit covered Member Governance. The audit budget (IT) was reduced by two days.
Planning	The two days made available from the above was utilised in the Planning audit to enable the scope to meet the requirements of the review.

3.4 As Committee are aware the audit of Corporate Governance and Risk Management was a retrospective conclusion for 2014/15 and was included in the 2014/15 annual report and opinion and has previously been reported upon.

3.5 The remaining three audit reviews concluded within 2015/16 are summarised as follows:

Planning

The objective of the audit is to review the systems and controls in place to help confirm that these are operating adequately, effectively and efficiently, in particular the audit covered; Local Plan Preparation, Planning Applications, Enforcement and Appeals.

The audit concluded with a **reasonable** assurance, with two priority two (important) and one priority three (needs attention) recommendations agreed with management. All recommendations have been addressed.

Member Governance

This governance review specifically focused on Member Governance in particular; Members Duties and Responsibilities, Members Training and Support and Members Conduct.

The audit concluded with a **reasonable** assurance and five recommendations (two priority two and three priority three) were agreed with management, all of which fall due after the end of the 2015/16 financial year. The priority two recommendations relate to; adding declarations of interest as a standing agenda item on all Broads Local Access Forum meeting agendas, and guidance to be produced for informal treatment of complaints against Members which should include a set of criteria to determine if the incident is to be treated informally or whether it should follow the formal process and in conjunction with this, the formal complaints process should be reviewed and updated.

Key Controls and Assurance

This audit is undertaken annually and reviews the key controls within the fundamental financial systems that inform the Statement of Accounts for year end. The areas covered within this review are; treasury management/investment, general ledger, asset management, budgetary control, accounts receivable, accounts payable, payroll, toll income, control accounts, and follow up of internal audit recommendations.

The audit concluded with a **reasonable** assurance and three priority three recommendations were agreed with management on conclusion of the review. All recommendations fall due for completion after the end of the 2015/16 financial year.

Appendix 3 to this report provides the Executive Summaries relating to the above three reports. **Appendix 1** to this report provides the assurance and priority level definitions.

- 3.6 In relation to the follow up of management actions to ensure that they have been effectively implemented the position at year end is that all recommendations due to be implemented have been, with all recommendations relating to prior financial years having now been addressed.

With specific regard to the 2015/16 financial year, 14 recommendations were raised; seven have been implemented by management, and seven are not yet due.

The following table is the overall summarised year end position, with further detail provided at **Appendix 4**.

Status of Recommendations as at 31 March 2016					
	P1	P2	P3	Total	%
Complete	0	9	12	21	100%
Outstanding	0	0	0	0	0%
Total	0	9	12	21	

It is encouraging to note that recommendations relating to prior financial years have now been addressed, it is also extremely positive to note that no recommendations are outstanding at financial year end.

- 3.7 Internal Audit work has not identified any weaknesses that are significant enough for disclosure within the Annual Governance Statement.

4. THIRD PARTY ASSURANCES

- 4.1 In arriving at the overall opinion reliance has not been placed on any third party assurances.

5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

5.1 Degree of compliance with Public Sector Internal Audit Standards (PSIAS)

- 5.1.1 A checklist for conformance with the PSIAS and the Local Government Application Note has been completed for 2015/16. This covers; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

- 5.1.2 The Attribute Standards address the characteristics of organisations and parties performing Internal Audit activities, in particular; Purpose, Authority and Responsibility, Independence and Objectivity, Proficiency and Due Professional Care, and Quality Assurance and Improvement Programme (which includes both internal and external assessment).

- 5.1.3 The Performance Standards describe the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated, in particular; Managing the Internal Audit Activity, Nature of Work, Engagement Planning,

Performing the Engagement, Communicating Results, Monitoring Progress and Communicating the Acceptance of Risks.

- 5.1.4 On conclusion of completion of the checklist full conformance has been ascertained in relation to the Definition of Internal Auditing, the Code of Ethics and the Performance Standards.
- 5.1.5 In relation to the Attribute Standards it is recognised that in order to achieve full conformance an external assessment is required. This must be done within 5 years of the PSIAS coming into force, i.e. 31 March 2018. The IACM is in the process of obtaining quotes for this review, with the aim for this to be completed in 2016/17.
- 5.1.6 In relation to the Quality Assurance and Improvement Programme, internal assessments are undertaken on a regular basis and performance is regularly assessed and reported upon, in relation to the contractor.
- 5.1.7 The detailed checklist has been forwarded to the Section 17 Officer and the Head of Finance for independent scrutiny and verification.

5.2 Performance Indicator outcomes

- 5.2.1 The Internal Audit Service is benchmarked against a number of performance measures as agreed by the Audit Committee. The annual report (and supporting quarterly updates) provided by the Audit Director (TIAA Ltd) are quality reviewed by the Internal Audit Consortium Manager.
- 5.2.2 The detail for each of the performance measures is as follows:

	Indicator	Frequency	Target	Actual	Comments
1	Audit Committee Satisfaction	Annual	Adequate	N/A	Above target
2	Chief Finance Officer Satisfaction	Annual	Good	Adequate	Not achieved
3	Annual draft reports issued within 10 working days of the end of the quarter	Quarterly	100%	100%	Achieved
4	Quarterly assurance reports to the Contract Manager within 15 working days of the end of the quarter	Quarterly	100%	100%	Achieved
5	An audit file supporting each review and showing clear evidence of quality	Quarterly	100%	100%	Achieved & all 4 QA by IACM

	control				
6	Compliance with PSIAS	Annual	Fully Conforms	Fully conforms	Achieved*
7	Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received	Quarterly	100%	100%	No unsatisfactory feedback received
8	Average feedback scores from key clients	Quarterly	Adequate	N/A	No responses received
9	Percentage of recommendations accepted by management	Quarterly	90%	100%	Above target
10	Percentage of qualified/experienced staff working on the contract each quarter	Quarterly	60%	86%	Above target
11	Number of training hours per member of staff completed each quarter	Quarterly	1 day	1 day	Achieved

5.2.3 In relation to performance measure 6 (*) above the conformance with the Public Sector Internal Audit Standards, this has been confirmed for TIAA Ltd as a company and confirms that they conform to all standards and requirements of the PSIAS. The outcomes of this review have been shared with the IACM.

As noted above the IACM is in the process of obtaining quotes for a review against the Standards with particular regard to the work undertaken for Eastern Internal Audit Services (EIAS). The aim is for this to be completed in 2016/17. The process of which, and the outcomes of, will be discussed and agreed with Section 151 Officers across EIAS and the Audit Committee's (or their equivalent).

5.2.4 The following performance measures are explored further for the Committee's attention:

Audit Committee Satisfaction; a questionnaire will be provided to the Chair of the Financial Scrutiny and Audit Committee following the meeting in June to enable feedback to be received on the reports received at this meeting, alongside those received in February in relation to the Audit Plans.

Chief Finance Officer Satisfaction; there were a few issues with the key controls audit which is reflected in the overall score received from the Head of Finance in relation to performance with the contractor and the knock on effect of this. This has since been resolved and appropriate action was taken in this regard.

Average feedback scores from key clients; unfortunately formal individual feedback was not received on the audits completed within year. However it was encouraging to note that the Chief Executive thanked the auditor for the thorough and useful piece of work in relation to Members Governance.

5.3 Effectiveness of the Head of Internal Audit (HIA) arrangements as measured against the CIPFA Role of the HIA

5.3.1 This Statement sets out the 5 principles that define the core activities and behaviours that apply to the role of the Head of Internal Audit, and the organisational arrangements to support them. The Principles are:

- Champion best practice in governance, objectively assessing the adequacy of governance and management of risks;
- Give an objective and evidence based opinion on all aspects of governance, risk management and internal control;
- Undertake regular and open engagement across the Authority, particularly with the Management Team and the Audit Committee;
- Lead and direct an Internal Audit Service that is resourced to be fit for purpose; and
- Head of Internal Audit to be professionally qualified and suitably experienced.

5.3.2 Completion of the checklist confirms full compliance with the CIPFA guidance on the Role of the Head of Internal Audit in relation to the 5 principles set out within.

5.3.3 The detailed checklist has been forwarded to the Section 17 Officer and Head of Finance for independent scrutiny and verification.

APPENDIX1 – AUDIT WORK UNDERTAKEN DURING 2015/16

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
Annual Opinion Audits							
Corporate Governance and Risk Management (2014/15)	Good (Substantial)	3	3				
Member Governance	Reasonable	5					5
Fundamental Financial Systems							
Key Controls and Assurance	Reasonable	3	1				2
Service area audits							
Planning	Reasonable	3	3				
Total		14	7				7

Assurance level definitions		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our audit review were being consistently applied.	1
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.	3
Limited Assurance	Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.	0
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.	0

Urgent – Priority 1	Fundamental control issue on which action to implement should be taken within 1 month.
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Important Priority 2	Control issue on which action to implement should be taken within 3 months.
Needs Attention – Priority 3	Control issue on which action to implement should be taken within 6 months.

APPENDIX 2 ASSURANCE CHART

	Previous Contract		Current Contract	
	2013-14	2014-15	2015-16	2016-17
Annual Opinion Audits				
Corporate Governance and Risk Management	Good Review relates to 2012/13	Good Review relates to 2013/14	Good Review relates to 2014/15	x
Governance			Reasonable	
Fundamental Financial Systems				
Key Controls and Assurance Work	Good	Good	Reasonable	x
Procurement	Adequate			
Services Area Reviews				
Consultation Activities and Partnerships Provisions		Adequate		
External Funding - HLF Bid and National Parks Partnership				x
Planning			Reasonable	
IT Audits				
Toll Management Application				
Network Security	Limited			
End User Controls		Adequate		
Virus Protection/Spyware, Data Backup and Data Centre controls				x

* Note - Assurance definition - comparison	Previous Contract	Current Contract
	Good	Substantial
	Adequate	Reasonable
	Limited	Limited
	Unsatisfactory	No

Assurance Review of Planning

Executive Summary

OVERALL ASSURANCE ASSESSMENT



SCOPE

The audit covered a review of the systems and controls in place in relation to Planning, in particular:

- Local Plan Preparation
- Planning Applications
- Enforcements
- Appeals

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	2	1	0

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the Planning. The assurance opinion has been derived as a result of two 'important' recommendations and one 'needs attention' recommendation being raised upon the conclusion of our work.

KEY FINDINGS

Positive Findings

Separation of Duties

- The Broads Authority has a Scheme of Delegation, which allows delegated decisions to be made by designated officers. Any decisions which are outside of this must be referred to the Planning Committee for approval. All decisions made by delegated officers are reviewed and signed off by the Head of Planning or in her absence by the Director of Planning and Resources or the Chief Executive.

Local Plan

- A Core Strategy was adopted in 2007, Development Management Policies adopted in 2011 and the Site Specifics adopted in 2014. . It is now a requirement for a Local Plan to be produced. A timetable for the production of the Local Plan was presented to the Planning Committee in July 2015, which set dates for consultation, publication and final adoption which is scheduled for February 2018.

Planning Applications and Enforcements

- Planning applications may either be made via a portal on the Broads Authority web-site or by submission of a written application form. Application fees are present on the Broads Authority web-site and can also be viewed by a link to the Government's web-site.
- A check list is maintained in the hard copy file identifying all of the documentation that will be required to support the application.
- Records of planning applications, subsequent decisions and enforcements are kept in both a hard copy file and maintained on the CAPS computer system.
- The Planning Committee are provided with quarterly statistics of the number of enforcement notices that have been issued.

Appeals

- The decision notice sent to the applicant has a section 'notes relating to all other application refusal decisions' clearly sets out the right of the applicant to appeal against the decision if they are not in agreement with it.
- Monthly and annual appeals reports listing the appeals received are presented to the Planning Committee.

Management Information

- The Planning Committee are provided with a quarterly report incorporating the number of decisions granted, refused and enforcement notices issued. This includes a comparison with national targets in terms of the speed of decisions over planning applications.

Issues to be addressed

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings two important recommendations have been made.

Publication of Delegated Decisions

- On a monthly basis a search is undertaken on the CAPs system to identify a list of delegated decisions, which are then posted to the Broads Authority web-site. Internal Audit sample testing identified that the system does not correctly identify all decisions for inclusion in monthly reports and as such decisions were not present on the website. The public may not be aware of planning decisions and therefore unable to take any action, should they wish to. This could result in further challenge against decisions at a later stage.

Receipt of appropriate planning fee

- If an application is received in the post it may not be accompanied by the appropriate fee. The application is then held aside and the applicant written to so that the appropriate fee can be obtained. The financial system produces a report that identifies all fees received along with application reference number, although no checks are being undertaken to ensure that all applications have resulted in the correct fee being received. This could result in applications being processed without a check that the fee has been received and banked

The audit has also highlighted the following areas where one 'needs attention' recommendation has been made.

Policy and Procedures

- The procedure manual was produced in January 2014, covering planning applications and was due for review after one year (January 2015). The procedure manual does not incorporate other aspects of the planning process e.g. appeals, enforcements and administration arrangements. This could result in processes being inconsistent and they may not adhere to Authority requirements.

Assurance Review of Members Governance

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Members Training and Support	0	0	1	1
Members Conduct	0	2	2	1
Total	0	2	3	2

No weaknesses were found with regard to Member Duties and Responsibilities.

SCOPE

The objective of the audit was to review the systems and controls in place within Members Governance, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- The systems and processes of internal control are, overall, deemed Reasonable in managing the risks associated with Members Governance. The assurance opinion has been derived as a result of two 'important' recommendations and three 'needs attention' recommendations being raised upon the conclusion of the work.
- The audit has also raised two operational effectiveness matter, which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently:

- A member training plan is produced every year, this is informed by the member performance appraisals and the member training strategy.
- Annual performance appraisals are undertaken of Members appointed to the Authority by the Secretary of State to Defra. These appraisals are also offered to other Members and the take up of these has been good.
- There is a guidance/policy in place that clearly states which course of action will be undertaken if Members do not adhere to the Code of Conduct.
- Members receive induction training and other mandatory training, including the Code of Conduct, and attendance records for these are recorded.
- Job descriptions are in place for Members of the Broads Authority and the Navigation Committee.
- A register of Members interests is kept and declarations are signed by Members on an annual basis and all sampled declarations reviewed during the audit were available.

Issues to be addressed

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings two 'important' recommendations have been made.

Members Conduct

- Declarations of interest to be added as a standing agenda item on all Broads Local Access Forum meeting agendas to comply with the Broads Local Access Forum Constitution and mitigate the risk that conflicts of interest are not handled adequately.
- Guidance to be produced for informal treatment of complaints against Members which should include a set of criteria to determine if the incident is to be treated informally or whether it should follow the formal process. In conjunction with this, the formal complaints process should be reviewed and updated to also incorporate the process for dealing with Broads Authority Members and staff, if they are the complainant. This should also refer to the Protocol on Member and Officer Relations. This should contribute to the transparency of the process and help mitigate the risk that complaints/misconduct are treated inconsistently, unfairly and not in accordance with policy.

The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.

Members Training and Support

- The Members Training Strategy to be reviewed and on an ongoing basis thereafter in order to reduce the risk of the strategy becoming inappropriate for the Authority's requirements.

Members Conduct

- The Members Code of Conduct Complaints Guidance Notes and Complaints Form to be reviewed and updated, including appropriate reference to officer's job titles and the Hearings Committee terms of reference. Appropriate updating should reduce the risk that out of date guidance is applied and processes are not carried out correctly and in an untimely manner.
- To incorporate a number of changes/updates to the Code of Conduct and associated documentation as a result of other authorities' policies and practices reviewed within this audit. These updates include applying an assessment criteria in the initial assessment of the complaints process, including a section on 'Disclosable Pecuniary Interests' and 'non pecuniary interests' and, adoption of timeframes for certain parts of the process including initial assessment of the complaint, notification of no action taken and, time taken for the actual decision to be made. This should help ensure Code of Conduct documents are more comprehensive and robust therefore mitigating the risk that they are not fit for purpose.

Operational Effectiveness Matters

The two operational effectiveness matters, for management to consider, relate to reviewing best practice guidance documents produced by the Committee on Standards of Public Life and producing a Members handbook to encapsulate all the key documents given to new Members on induction.

Assurance Review of Key Controls and Assurance

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Budgetary Control	0	0	1	0
Accounts Receivable	0	0	1	1
Accounts Payable	0	0	2	0
Follow Up of Internal audit Recommendations	0	0	0	0
Total	0	0	3	1

No weaknesses were found with regard to Treasury Management/Investments, General Ledger, Asset Management, Payroll, Toll Income and Control Accounts.

SCOPE

The objective of the audit was to review the systems and controls in place within Key Controls, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- The systems and processes of internal control are, overall, deemed Reasonable in managing the risks associated with the Key Controls. The assurance opinion has been derived as a result of four needs attention recommendations being raised upon the conclusion of our work.
- The audit has also raised one operational effectiveness matter, which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Controls tested were found to be adequate, effective and efficient in the following areas: Treasury Management/Investments, General Ledger, Asset Management, Payroll, Toll Income and Control Accounts.

Issues to be addressed

The audit has highlighted the following areas where four needs attention recommendations have been made.

Budgetary Control

- The current system of approving virements should be reviewed and either brought in line with the current Broads Authority Financial Regulations or the regulations changed to modify the approval requirement to reduce the risk of budgets being used for inappropriate purposes.

Accounts Receivable

- Sales invoices and invoice requests should be raised in a timely manner to reduce the risk of customers paying late or not at all. Subsequent audit testing has noted that this finding has been implemented and has been removed from the action plan.

Accounts Payable

- A system 'fix' should be identified to ensure that it is not possible for a Level 1 Approver and Level 2 Approver to be the same person, to reduce the risk of inappropriate or fraudulent payments to suppliers being approved.
- When changes (including new supplier set up) are made to supplier's bank account information, a system generated report should be periodically produced and checked back to original documentation supporting the change made. This will reduce the risk of incorrect or fraudulent changes being made to supplier's accounts.

Operational Effectiveness Matters

Till problems at Whittingham Tourist Information Centre to be resolved, to rectify the issue of credit notes being required when refunds are made.

In addition as part of the internal audit review, the auditor confirmed the process in place for reviewing the payroll data. There was initial over control as there were two reviews of the payroll data being undertaken by the payroll department itself, with a third review being done by Finance. The finance review is a threshold check and needs to remain.

The second payroll review was originally put in place when the payroll moved from Broadland District Council to Norfolk County Council in order to gain confidence over the service provision. Now confidence is in place with the service provision it has been suggested that this second review is removed. The decision has now been made to remove this control, following confirmation by internal audit that the process remains well controlled.

APPENDIX 4 – AUDIT RECOMMENDATIONS

			Completed bt 01/04/2015 and 31/03/2016			Previously reported to Committee as outstanding			Outstanding			Total	Not yet due for implementation		
Audit Ref	Audit Area	Assurance Level	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Outstanding	Priority 1	Priority 2	Priority 3
2008/09 Internal Audit Reviews															
BA0903	Toll Income	Adequate		1								0			
2014/15 Internal Audit Reviews															
BA1502	Consultation Activities and Partnership Provisions	Adequate		3	1							0			
BA1503	Key Controls	Good			1							0			
BA1504	End User Controls	Adequate		3	5							0			
2015/16 Internal Audit Reviews															
BA1601	Corporate Governance and Risk Management	Good			3							0			
BA1602	Planning	Reasonable		2	1							0			
BA1603	Members Governance	Reasonable										0		2	3
BA1604	Key Controls & Assurance	Reasonable			1							0			2
TOTALS			0	9	12	0	0	0	0	0	0	0	0	2	5

APPENDIX 5 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

The Internal Audit Annual Report has been prepared and TIAA Ltd (the Internal Audit Services contractor) were engaged to undertake the agreed programme of work as approved by management and the Audit Committee, subject to the limitations outlined below.

Opinions

The opinions expressed are based solely on the work undertaken in delivering the approved 2014/15 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit briefs and reports.

Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate/service policies, aims and objectives: it can therefore only provide reasonable and not absolute assurance of effectiveness. Internal control systems essentially rely on an ongoing process of identifying and prioritising the risks to the achievement of the organisation's policies, aims and objectives, evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. That said, internal control systems, no matter how well they have been constructed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Internal Audit's assessment of controls relating to the Broads Authority is for the year ended 31 March 2016x. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in the operating environment, law, regulation or other matters; or,
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

The Internal Audit Consortium Manager has sought to plan Internal Audit work, so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, additional work will then be carried out which is directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected and TIAA Ltd examinations as the Authority's internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Investment Strategy and Performance Annual Report 2015/16
Report by Treasurer and Financial Adviser

Summary: This report sets out details of the Authority's investment of surplus cash, including the investment principles adopted and performance during the twelve months to 31 March 2016.

Recommendation: That the current arrangements regarding the investment of surplus cash are noted.

1 Introduction

1.1 It has been agreed with the Treasurer and Financial Adviser that a six monthly report on the performance of the Authority's investments will be presented to the Financial Scrutiny and Audit Committee, with a fuller 'year end analysis' at the July meeting, and a mid year progress report at the appropriate half year meeting.

2 Investment Principles and Performance

2.1 The investment of surplus cash is governed by a Service Level Agreement between the Broads Authority and Broadland District Council. The use of the Council reflects the limited treasury management knowledge and staff resources that exist within the Broads Authority.

2.2 Surplus cash sums are calculated by the Authority's Finance staff and transferred to Broadland's bank account. The Council then includes the investment of this cash with its own treasury management function. Cash flow requirements can result in transfers in both directions as the year progresses. The key facts for the year to 31 March 2016 were:

- Opening balance £3.250 million
- Closing balance £2.750 million
- Highest sum £4.250 million
- Lowest sum £2.750 million

2.3 The figures for the previous year (2014/15) were:

- Opening balance £2.750 million
- Closing balance £3.250 million
- Highest sum £3.750 million
- Lowest sum £2.750 million

- 2.4 A transaction charge is made to cover the Council's costs involved in the administration of the investments (including bank charges for direct money transfers). For 2014/15 and 2015/16 the actual interest receivable by the Broads Authority was/is based on the actual interest received on Broadland's internal investments.
- 2.5 The sum paid over in 2015/16 was £21,776.59 based on internal monthly returns that ranged from 0.39% to 0.60%. The sum paid over in 2014/15 was £18,371.23 based on internal monthly returns that ranged from 0.34% to 0.72%. Forecast interest for 2015/16 was £20,000.
- 2.6 Since the 2015/16 year end (31 March 2016), the Authority has transferred a sum of £750,000 to the Council, bringing its total investment to £3,500,000. There are currently very low rates on offer for fixed term deposits with Barclays, although available rates are monitored on an ongoing basis. It is therefore not proposed to make any direct investments at present, and a larger balance will continue to be invested with the Council at this time.
- 2.7 The interest income budget for 2016/17 is £20,000 based on the assumption that interest receivable will remain approximately the same. The option to make a fixed term investment with the Council is being investigated to increase returns. If there is a gradual improvement in interest rates and investment returns, the forecast will be reviewed and if necessary updated at the six month review (end September 2016) to inform year-end and budget planning.
- 2.8 It has been agreed (although Broadland's low risk appetite did mean that the Council had no exposure to Icelandic banks in 2008/09) that if the Council were to suffer credit risk exposure, any losses would be shared pro-rata between the two organisations.

Background papers: None

Author: Jill Penn
Date of report: 8 June 2016

Broads Plan Objectives: None

Appendices: Nil

External Funding Strategy
Report by Head of Strategy and Projects

Summary: This report updates Members on the recent progress made in developing an approach to securing more funding and support from external sources. An interim strategy for the next 12 months is proposed for the Authority to consider.

Recommendations:

- (i) That the conclusions from the workshop led by the South Downs National Park be noted.
- (ii) That the priorities identified in Section 4 of the report be supported.

1 Introduction

- 1.1 Members will remember that after a small working group met to discuss possible ways of increasing funding from external sources at the local level, a series of steps were agreed as a way forward. These have been progressing at differing speeds alongside informal conversations with a number of charitable trustees and this paper seeks to bring members up to date and identify the next steps.
- 1.2 Since the initial work, the National Parks Partnership has been successfully established and launched. The Broads Authority has been actively supporting this with the Authority's Vice Chair sitting on their board and officers providing useful data to support initial discussions with one potential corporate supporter.
- 1.3 Individually national park authorities have been investigating external funding sources and recently this knowledge was brought together in a workshop held in London facilitated by the South Downs. The South Downs NPA has been working with The Management Centre and at the recent National Parks UK AGM, held in the Broads, argued strongly for joined up approach to external funding, beyond the corporate approach already in hand with National Park Partnerships. This report examines the advice from The Management Centre, the progress the Broads Authority has been making and sets out an interim external funding strategy for the next year for Members to consider.

2 Lessons from the South Downs

2.1 The work with The Management Centre has had the aims of establishing the sources of private funding potentially available to the SDNPA and their characteristics and recommending the best routes to diversify income generation.

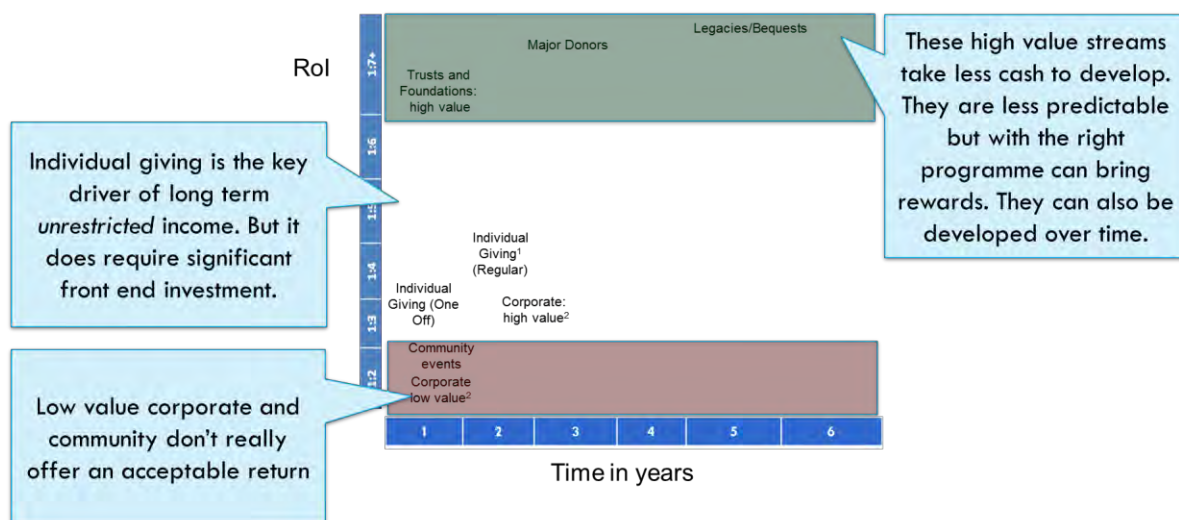
2.2 A strength identified in the research is the term National Park which is a “widely known and admired brand” and the variety of project work allows for engagement with funders across a broad range of interests.

2.3 Three significant challenges were identified:

- **Raising awareness** of National Parks is vital and the work of National Parks UK in doing so is crucial
- **Ownership of assets** can be important in generating commercial income
- A **standalone charitable vehicle** is necessary to maximise fundraising income

2.4 On these we are well placed to support National Parks UK with Jacquie Burgess as the recently elected Chair. The Authority owns very little in the way of assets so the potential here is very small. But the Norfolk and Suffolk Broads Charitable Trust is up and running and closer working with the Authority has been identified by both parties as a priority.

2.5 The following table was presented at the workshop indicating the opportunities for fundraising in the private market.



2.6 The workshop concluded with five key points which are listed below with a Broads Authority response.

Key Summary Point	Broads Authority response
National Parks have the brand and demographic to fundraise profitably - need projects or concrete activities that will win support.	We need to identify the key projects which we want to fund raise for. This should stem from the creation of the new Broads Plan where priorities will be identified and the role for the Authority clarified.
We need to create vehicle/s to allow charitable fundraising.	Rather than establish a new body it would be good to build on the positive discussion and prioritise our joint work with the Norfolk and Suffolk Broads Charitable Trust.
A large scale campaign will help to build expertise and momentum.	Accept the need to work with the 14 other national parks on a large scale, but likely long term, campaign. For example a long term ambition could be the establishment of a national parks membership scheme.
NPAs have sufficient visitor statistics and local communities with which to fundraise successfully from the mass individual market but this needs up-front investment and long-term commitment.	The Broads Authority has the advantage of already having a relationship with 10,000 boat owners. We need to work out how to build on this.
To do any fundraising you need skilled fundraisers , backed up by high-level support, and buy-in from delivery staff and senior governance and leadership figures.	We have members of staff with a high level of skill and a proven track record in this regard although they are currently primarily dealing with existing schemes. Once the bid to HLF has been submitted that will free up a window of staff time to focus on this area of work. However we may wish to consider retaining/employing a specific fund raiser if we are ambitious with the projects we wish to pursue.

3 Progress

3.1 National Park Partnerships

3.1.1 The board and Development director have started making approaches to significant UK companies. These have generally been well received though it is clear there are existing relationships which will take a time to exit from even if the offer is liked. Broads Authority staff have been involved in providing detailed information for one company that has potential to develop into a funded scheme if supported by the company's management team. Experience is already confirming that company support away from 'social responsibility' topics is very much dependent on reinforcing business requirements.

3.2 HLF Landscape Partnership Scheme

- 3.2.1 With the Stage 1 approval for Water, Mills and Marshes, it is important to ensure the submission of the Stage 2 bid in May 2017 is successful to enable spending of the £4M+ from 2018. This is a partnership process but will require the input of a significant amount of officer time to effectively plan the projects and coordinate submission and then to follow through with implementation. The results within the project area should be substantial and the planned legacy will retain the credibility of the Authority with the Heritage Lottery Fund and open the door for further key work on mills, access, nature conservation and people engagement.

3.3 European Funding etc.

- 3.3.1 The Authority is keeping aware of European Funding opportunities with the CANAPE submission, helping Hickling Broad and surrounding peat areas, awaiting feedback. Contact is being retained with other project developers though we have to ensure we do not over-stretch the staff resource or create commitments for matching funding we do not have. A Natural England led initiative to help wet grassland has identified the Broads as one work area and details are being developed for a significant bid to HLF and LIFE funds that will especially help wet grassland reserves. [The outcome of the EU referendum will influence this topic but at this stage it is too early to be clear about timing etc.]

3.4 UEA

- 3.4.1 A meeting was held with the Vice Chancellor of UEA about closer cooperation around research where significant funds are still available. The Authority has been strengthening links at a number of levels and has submitted ideas to a couple of work strands that may bring dividends in the future.

3.5 Local Corporate Funding

- 3.5.1 A draft framework for approaching local businesses has been previously shared with members. At the core of it is to explore building new relationships that help raise the profile for the Broads National Park and engage people in understanding, enjoying and caring for it. The advice from the NPP Development Director that this brings low level financial returns suggests such an initiative will be most successful if done alongside the Norfolk and Suffolk Broads Charitable Trust and explores more than just financial support. The Authority and Trust will need to consider appropriate people to lead such work and have a clear set of priorities requiring support.
- 3.5.2 The Authority has started a 24 day summer internship utilising a UEA undergraduate to investigate in depth the potential for local giving from businesses and charitable trusts. The student will be asked to create an insight into the interests and potential for local companies and trusts and help refine some of the support material that can be used to develop relationships.

This should make a firm foundation for seeking project support. Such material will be available to share with relevant trusts.

3.6 Charitable Bodies

3.6.1 There are of course a range of existing bodies, many of whom have charitable status, also seeking funds. These include major conservation bodies and small trusts with very focused interests. Within this sector are trusts that the Authority has direct involvement with through the appointment of trustees (e.g. Whitlingham Charitable Trust, How Hill Trust, Norfolk Windmills and Pumps Trust). Discussion with relevant trustees is seeking to clarify immediate needs, likely ways forward and how or where the Authority could or should play a part.

3.6.2 One opportunity the Authority is investigating is whether it can support a range of the active fund-seeking trusts in the Broads by commissioning a training day on external funding applications to help raise knowledge and skills and boost successful applications for support. This would be offered to the Trustees of the many Broads Trusts we know to help them in their own forward plan. It would conclude with a discussion to clarify how the Broads Authority sees its role and activities in the future.

3.7 RSPB, Norfolk Wildlife Trust, Suffolk Wildlife Trust and National Trust

3.7.1 These major charities are important partners in the delivery of the Broads Plan objectives and the Landscape Partnership.

3.8 Norfolk and Suffolk Broads Charitable Trust

3.8.1 A number of discussions have taken place and the Chair and CEO have attended a Trust meeting. Closer working is becoming clearer and a framework for common action is being developed and hopefully will be finalised and agreed over the summer. By working in tandem it will be easier to approach local businesses with a range of opportunities to become involved in making the Broads better. There may also be opportunities to use the contacts of the Authority to promote the aspirations of the Trust and help secure new regular donations. The Authority should be able to help develop and submit projects for support and in some cases manage the implementation of projects that meet the Trust's criteria of improving the Broads. There could also be cooperation about profile raising helping people understand funding needs and achievements.

3.9 Whitlingham Charitable Trust (WCT)

3.9.1 This charity is in a rather special position in that the Authority is one of the two principal bodies appointing trustees, - the other is the Trustees of the Arminghall Settlement - and the Authority also provides services to the Trust. WCT are working through a process to identify their priorities for implementation and matching this against existing income. This will generate a preferred list of priority projects and are likely to collaborate with the Broads

- 3.9.2 Authority in seeking appropriate external funds. There is also an opportunity to use the Broads Charitable Trust to support the small scale projects at the Park identified by the Trustees.
- 3.9.3 One point worth consideration is whether Broads Authority Members might want to consider its longer term vision for the Park so that it can give guidance to its appointed Members to the Trust.

3.10 How Hill Trust (HHT)

- 3.10.1 HHT delivers a valuable education service primarily focused on school children. At a recent meeting with some of the Trustees it was clear that the Trust's immediate target has been to put its finances on a firm footing and it is making excellent progress in this regard. It is intending to launch a 50 year appeal in the Autumn to raise substantial funds towards the maintenance of the building.
- 3.10.2 An issue that emerged from the meeting was the opportunity for the Broads Authority and the How Hill Trust to develop a longer term vision for the How Hill Estate and how they, as the two main owners, could work together to deliver their ambitions. It is suggested that while this is not an urgent matter the Chief Executive takes it forward with the Trust Director.

3.11 Norfolk Mills and Pumps Trust (NMPT)

- 3.11.1 The Broads Authority has the opportunity to appoint two Members to the NMPT. Norfolk County Council officers who provide direct support to the Trust are working on a Transition Funding bid to the Heritage Lottery Bid to help update the Trust to meet future needs. It is suggested that the Authority awaits the outcome of that process before appointing a Member to the vacant place on the Trust.

3.12 Wherry Yacht Charter, Waveney Stardust, Nancy Oldfield Trust, Waveney Sailability

- 3.12.1 The Authority does not have a direct relationship with these charities, for example in terms of appointing Members to their governing bodies, but has worked with them and supported them from time to time in their work to make the Broads better.

4 Interim Strategy

- 4.1 To steer the next phase of work looking at external funding we are proposing to build on these existing priorities

4.2 National Priorities

- 4.2.1 Collaborative working with the national park family is absolutely critical to raise national awareness of the Parks and their needs in a new funding environment. The three priorities are:

1. Continue to support the work of National Parks UK in raising the profile of the 15 National Parks.
2. Support National Park Partnerships in their ambitions with the corporate sector and be prepared to react quickly and professionally to opportunities that may present themselves.
3. Respond positively to a collaborative initiative regarding other fund raising opportunities.

4.3 Local Priorities

4.3.1 In the interim it is proposed that the following 5 activities are considered as the priorities associated with external funding:

- **Top priority** is to ensure the Stage 2 bid for 'Water, Mills and Marshes' Landscape Partnership is successful and implementation happens in full
- **Second Priority** is to develop a strong and productive relationship with the Norfolk and Suffolk Broads Charitable Trust for mutual benefit. Define a way of working together and establish a programme of collaboration for the short and longer term
- **Third Priority** is to use the review of the Broads Plan to identify the priorities for action over the coming 5 years to make the Broads better. Embedded in this process needs to be consideration of the priorities for the Broads Authority in progressing the Broads Plan. Members will be asked to review the strategic priorities that emerge and provide guidance on the Authority's work priorities. It is likely this will require additional funding and those needs will form the core of an external funding strategy
- **Fourth Priority** is to continue to develop the potential European funding bid for Hickling – CANAPE - and to support Natural England/England Biodiversity Group's Wet Grassland bid for EU Life and HLF funding
- **Fifth Priority** is to complete the internship and produce a portfolio of information about potential supporters and 'appeal information' sharing this with the Norfolk and Suffolk Broads Charitable Trust to inform future collaborative activities

4.3.2 After submission of the HLF Landscape Partnership Scheme Stage 2 application in May 2017, there will be an opportunity to use the following six months to work up some additional significant project bids and an overall external funding strategy which would steer the Authority's short and longer term options. This is likely to tie into ideas from National Park UK for a long term collaborative approach.

5 Risk Analysis

The risks associated with this work include:

5.1 Reputational

- 5.1.1 Without exploring the potential for new funding it is possible the progress the Authority has seen in implementing Broads Plan objectives will decline as public funds are tighter.
- 5.1.2 Other bodies seeking funding may be concerned that the Broads Authority takes a more proactive role in seeking additional funding. This will require tactful but robust handling with a focus on making things better for the Broads.
- 5.1.3 Working in partnership with other bodies requires a suitable level of trust to ensure common aims are met and partners are given respect and are not disadvantaged.
- 5.1.4 Some approaches to new funding sources could be unsuccessful. This in itself is not likely to be problem as long as the approach and subsequent discussions are undertaken to a high standard.

5.2 Operational

- 5.2.1 Harder choices are being faced as insufficient funds are present to meet all expectations. As future fund-raising will also need to be prioritised and prepared to avoid rash, and hasty decisions, this could mean delays or the end of certain activities.
- 5.2.2 Planned and effective fund raising will require adequate levels of resources. This can lead to a re-direction of time and energy (particularly within the staff where many activities are only supported by individuals) and hard choices being made about what are the priorities. Ideally choices will be made that if they create shortages in certain aspects, overall there will be gains for the implementation of the Broads Plan and the achievements of the Broads Authority.

Background papers: None

Author: John Packman and Simon Hooton
Date of report: 24 June 2016

Broads Plan Objectives: None

Appendices: None

Tolls Review
Report by Chief Executive

Summary: This report briefs the Members of the Committee on the proposals for the restructuring of navigation charges and the potential impacts and risks.

Recommendation: The Members of the Committee are invited to comment on the proposals and are recommended to support both the revised Guiding Principles and the key elements of the suggested way forward.

1 Introduction

- 1.1 Seven Broads Authority Members have been given the task of reviewing the current structure of the navigation charges paid by boat owners using the Broads. The group of Members has met nine times to date and developed a new set of five Guiding Principles to provide a framework for decisions on tolls. These are based on: the Authority’s statutory responsibility, the need for flexibility, a test for fairness, simplicity and efficiency and are set out in Appendix 1.
- 1.2 The main elements of the proposed new structure are a simpler, fairer arrangement where the level of the toll is calculated by multiplying the area of vessels in different categories by a fixed sum per square metre. This would replace the present more complex current arrangement which includes fixed and variable amounts in the calculation combined with a set of multipliers and discounts. Different categories of vessel (see table below) will be given different costs per square metre.

Commercial Craft	Private Craft
1. Weekly Hired Motor Boats	1. Motor Boats (petrol and diesel)
2. Day Hire	2. Motor Boats Electric
3. Day Hire – Electric	3. Motorised Sailing Craft
4. MCA Passenger boats and BA – Small Passenger Boats	4. Sailing Boats
5. Motorised Sailing Craft	5. Houseboats
6. Sailing Boats	6. Rowing/canoes etc.
7. Houseboats	
8. Rowing/canoes etc.	

- 1.3 The proposal would also address a long standing concern about the charges for small motor boats. Currently they pay around £100 per annum and in a new system this would reduce to £60 - £70. The Authority hopes that if the new arrangements are adopted it would encourage more small boat owners to pay a toll and use the Broads.
- 1.4 The largest sailing boats on the Broads – the seven wherries – would be subject to a fixed charge and the current suggestion is that because of their iconic status they would, in the main, have a cut in their charge.
- 1.5 On the 14 June the Group of Members presented its proposals to an invited audience which included representatives from the main boating organisations. The Broads Hire Boat Federation and the Norfolk and Suffolk Boating Association have been invited to comment on the Working Group will be considering feedback from the organisations before finalising their recommendations. These will then be presented to the Broads Authority's Navigation Committee on September 8th before a decision is taken by the Broads Authority on September 30th. If adopted, the new structure would be implemented for charges in 2017/18.

2 Evaluation and Risk Analysis

- 2.1 The impact of the proposed structure has been tested by replicating the 2016/17 charges using the new structure. The effect of a fixed amount per meter² would mean that the larger boats using the Broads would see an increase in their charges but overall more boats would have a cut in their toll than would pay more, see table below. The Authority's research shows that the charges are a small part (9%) of the cost of owning and maintaining a boat and the level of change envisaged is not expected to have a significant impact on the number of large private boats in the area.

Category	Pay Less	Pay More
Weekly Hire	417	395
Day Hire	146	100
Private Motor Boats	3337	3106
Private Sailing Boats	850	302
Private Motorised Sailing	904	142
Private Electric Motorised Sailing	19	88

- 2.2 Any change to the tolls contains some element of risk. The Authority has minimised the impact of the changes by consulting the main boating organisations so that it can gauge the likely reaction to the reform of the structure and by modelling the impact so that it has a good understanding of the boats that will be affected and the degree of increase/decrease for individual boats.

Background papers: None

Author: John Packman
Date of report: 20 June 2016

Broads Plan Objectives: None

Appendices: APPENDIX 1 - Revised Guiding Principles

Revised Draft Guiding Principles

1. Navigation charges should generate sufficient income to maintain the navigation area for the purposes of navigation to such standard as appears to the Authority to be reasonably required and to take such steps to improve and develop the navigation area as the Authority thinks fit (Section 10 of the Broads Act 1988). [**STATUTORY RESPONSIBILITY**]
2. Navigation charges should be used as a policy instrument, ensuring that the tolls structure is sufficiently flexible to protect the economic and social interests of those who live or work in the Broads. [**FLEXIBILITY**]
3. In recognition of the economic benefit derived from the Broads navigation commercial operators should contribute on a different basis to private boat owners. [**FAIRNESS, BASED ON ECONOMIC COSTS AND BENEFITS**]
4. The rationale and structure of navigation charges should be transparent and easily understood by all toll payers. [**SIMPLICITY**]
5. The cost of collecting navigation charges should be as low as possible. [**EFFICIENCY**]

External Audit
Report by Head of Finance

Summary: This report appends:

- (i) the annual audit fee letter from Ernst & Young for undertaking the 2016/17 audit. The fee will be maintained at £13,943.
- (ii) the Local Government Audit Committee Briefing by Ernst & Young.

Recommendations:

- (i) That the details of the annual audit fee letter be noted.
- (ii) That the briefing, including the key questions for Audit Committees as set out on page 9, be noted.

1 External Audit fee 2016/17

- 1.1 This report appends Ernst & Young's 2016/17 audit fee letter (Appendix 1), setting out the audit fee which will be payable for undertaking the 2016/17 audit of the Authority's accounts and its financial, governance and value for money arrangements.
- 1.2 Members will note that the audit fee will be £13,943, which represents no change when compared with the audit fee charged for 2015/16 and 2014/15.

2 Financial implications

- 2.1 Provision for the annual audit fee was included in the 2015/16 budget and has been charged in the accounts for the year. The proposed External Audit fee for 2016/17 has similarly been provided for in the current year's budget.

3 Briefing Key Issues

- 3.1 This briefing is presented to Members "for information".
- 3.2 The items of relevance to the Authority are:
 - Off-Payroll working in the public sector (page 3)
 - PSAA Corporate Plan (page 4)
 - Flexibility on use of capital receipts in Local Government (page 5)

Background papers: None

Author: Emma Krelle
Date of report: 14 June 2016

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Ernst & Young audit fee letter 2016/17
APPENDIX 2 - Ernst & Young Local Government Audit
Committee Briefing (March 2016)

Dr John Packman
Chief Executive Officer
Broads Authority
Yare House
62–64 Thorpe Road
Norwich
NR1 1RY

19 April 2016

Ref: KS/MR/Broads/AFL

Direct line: 02380 382159

Email: KSuter@uk.ey.com

Dear John

Annual Audit Fee 2016/17

We are writing to confirm the audit that we propose to undertake for the 2016/17 financial year at Broads Authority.

Indicative audit fee

For the 2016/17 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements
- Value for money conclusion
- Whole of Government accounts.

For Broads Authority our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year
- Officers meeting the agreed timetable of deliverables;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy;
- We can rely on the work of internal audit as planned;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Authority;

- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2015/16, our audit planning process for 2016/17 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2016/17 £	Planned fee 2015/16 £	Actual fee 2014/15 £
Total Code audit fee	13,943	13,943	13,943

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative audit fee will be billed in 4 quarterly instalments of £3,485.75.

Audit plan

We aim to issue our audit plan in early 2017. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Head of Finance and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Financial Scrutiny and Audit committee.

Audit team

The key members of the audit team for the 2016/17 financial year are:

Kevin Suter
Executive Director

KSuter@uk.ey.com

Tel: 02380 382159

Mark Russell
Assistant Manager

MRussell1@uk.ey.com

Tel: 01223 394480

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Suter', with a long horizontal flourish underneath.

Kevin Suter
Executive Director
For and on behalf of Ernst & Young LLP
cc. Guy McGregor, Chair of the Financial Scrutiny and Audit Committee

Local government audit committee briefing

March 2016

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Government and economic news

**Accounting, auditing and
governance**

Regulation news

**Key questions for the
audit committee**

Find out more

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake. The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international business.

This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authority bodies. We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.



Government and economic news

Devolution

In EY's report 'From Whitehall to Townhall Preparing for devolution to England's city regions' it is noted that the UK has lagged behind other countries in decentralising its governance. But in recent years, 'localism' has gained momentum. In the last Parliament, the coalition government took a number of steps to empower city regions – through the creation of local enterprise partnerships, and City and Growth Deals – and the pace of change is quickening.

Large parts of England have started to agree Devolution Deals, which transfer powers in policy areas such as housing, planning and transport, education, employment, skills, health and policing. Eight deals have been announced so far, with five metro areas agreeing to directly elected mayors, and almost every other part of the country is involved in discussions. The recent progress is testament to the credibility that local government has established – with both the government and the public – as local leaders with a vision for local economies and wise stewards of public funds.

The UK is at an early stage of the devolution journey; much work still needs to be done. But the prize could be considerable. If managed well, it could help stimulate local economies to achieve higher levels of job creation and growth; improve public service outcomes through better local coordination of resources and funding; revitalise local democracy through more accountable governance; and improve the sustainability of public finances.

In this short report we look at progress so far and outline the factors that have driven success in winning more powers. We reflect on the readiness of different areas to make a success of devolution and speculate on the long-term impact on local government.

The debate will continue for some time to come, and lessons will be learned along the way. Drawing on our experience of working with a number of local authorities and cities, we are committed to helping facilitate debate and sharing best practices to help local government deliver the best services and outcomes to their communities and citizens.

Retention of business rates

The Government has announced that for 2016/17, Councils across England expect to collect £23.5 billion from business rates. This is an increase of approximately £400 million, in part it is believed this is due to an increase in the number of new businesses across the country.

Under existing rules, councils are expected to retain £11.75 billion of the rates collected; however, in the 2016 Budget, George Osborne indicated that from 2017, 100% business rates retention would be piloted in Greater Manchester and Liverpool City Region, and that in London the share retained would be increased.



Government and economic news

Budget 2016

16 March saw the publication of Budget 2016.

On public finances, the Chancellor announced that a departmental efficiency review was expected to identify a further £3.5 billion of savings in 2019/20. Employer pension contributions for public sector pensions are also set to increase from 2019/20, with a reduction in the public service pension scheme discount rate.

Some other announcements included:

- ▶ All schools are expected to either become academies by 2020, or to have an academy order in place to convert by 2022.
- ▶ New mayoral devolution deals will be agreed with the West of England, East Anglia and Greater Lincolnshire. Additional deals will be agreed with Greater Manchester and Liverpool City Region; including working towards the devolution of criminal justice powers. Previously agreed deals will also receive unringfenced funding totaling £2.86 billion to support local priorities.
- ▶ Starting from 1 April 2017, business rates will be cut for half of all properties. Small business Rate Relief will be permanently doubled from 50% to 100%, and the threshold from which this applies will be increased so that it applies to properties with a rateable value of £12,000 and below. The threshold for the standard business rates multiplier will also be increased to those with a rateable value of £51,000. The budget comments that local government will be compensated for the loss of income as a result of these measures.

- ▶ From 2020, business rates annual indexation will be based on CPI rather than RPI. The government will also aim to introduce more frequent business rate revaluations. The government intends to outline options for achieving this in a discussion paper.
- ▶ The government will work with local authorities across England to standardise business rate bills and to provide ratepayers with the option of receiving and paying bills online by April 2017.
- ▶ The government plans to support Local Government Pension Scheme administering authorities' plans to establish a smaller number of British Wealth Funds by combining assets into larger investment pools by 2018. These pools are expected to deliver annual savings of £200-300 million or more.

Off-Payroll working in the public sector

Budget 2016 included an announcement that it would reform the 'intermediaries' legislation' for public sector engagements.

This legislation dates back to 2000, and requires individuals who are working through an intermediary company to pay approximately the same tax and National Insurance contributions as they would if they were direct employees. Typically, intermediary companies have been an individual's own limited company. There is widespread non-compliance, perhaps because many find these rules confusing.

From April 2017, the liability to pay the correct employment taxes will transfer from the worker's own company to the public sector body that is paying the company. These changes, which are intended to be introduced by the 2017 Finance Bill, will be subject to consultation.



Accounting, auditing and governance

PSAA Corporate Plan

Public Sector Audit Appointments (PSAA) published its Corporate Plan 2015-2018 in early 2016. PSAA was set up to manage the audit contracts which were originally let by the Audit Commission, and to put arrangements in place to support the new audit regime established through the Local Audit and Accountability Act 2014.

The Corporate Plan sets out three options available to audited bodies for appointing auditors from the financial year 2017/18 and onwards for NHS bodies and smaller local authorities; and from the financial year 2018/19 and onwards for principal local authorities and criminal justice bodies:

- ▶ Undertake an individual auditor procurement and appointment exercise.
- ▶ Undertake a joint audit procurement and appointing exercise with other audited bodies, e.g., those in the same locality.
- ▶ Join a 'sector led body' arrangement.

The Local Government Association's subsidiary, the Improvement and Development Agency (IDeA), has said that it wishes to secure the establishment of a sector led body to support audit appointments. It also considers that PSAA would be well placed to fulfil this role. Since local government bodies need to appoint auditors for the 2018/19 financial year by 31 December 2017, arrangements for a sector led body will need to be in place in 2016 to prepare for contract letting.

The Corporate Plan also includes the PSAA's current plans around redistribution of surplus fees to audited bodies:

1. For NHS bodies, the anticipated amount for redistribution is approximately 10% of 2016/17 scale audit fees, with expected payments in 2017.
2. For local government bodies, the anticipated amount is approximately 15% of 2017/18 scale audit fees, with expected payments in 2018.

The redistribution is subject to confirmation and approval from the PSAA Board.



Accounting, auditing and governance

Flexibility on use of capital receipts in Local Government

In the 2015 Spending Review, the Government announced its intention to give local authorities the right to use capital receipts on the revenue costs of certain projects.

Two final directions for local government were issued in March 2016; one covering police and crime commissioners, and the other covering councils and fire authorities. There is also a general direction with further guidance.

These direct local government bodies to treat expenditure which is 'designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector

delivery partners' as capital expenditure for expenditure incurred for the three financial years commencing 1 April 2016.

Expenditure which is treated as capital under these directions can only be funded from capital receipts which have been received in the same time period.

The general direction also states that each authority will need to disclose a Strategy which sets out the individual projects that will be funded or part funded through capital receipts flexibility. This should be presented to full Council or the equivalent either as part of the annual budget setting process, through the Mid-Term Financial Plan or equivalent, or as part of the Efficiency Plan.

The strategy setting out these projects should be prepared in advance of the start of each financial year where possible, or presented to full Council or the equivalent as soon as possible.



Regulation news

The state of health care and adult social care in England

The Care Quality Commission has, based on a body of evidence across health and social care, published the above report aiming to give a full picture of the quality of care in England and identify and share key aspects of high-quality care/driving improvement.

Amongst the key messages in the report are:

- ▶ **Safety** – safety remains the biggest concern across all services, with 13% of hospitals, 10% of adult social care services, and 6% of primary medical services rated as inadequate for safety. The report highlights the rating of significant numbers of services as 'requires improvement'. Safety is seen to be affected by various factors including, ineffective safety and risk management systems, failure to fully investigate and learn from incidents, and, (in hospitals and adult social care) concerns with the adequacy of staffing numbers and skill mix.
- ▶ **Delivering quality under pressure** – efficiency savings, to meet the more complex needs of an older, changing population, at the same time as ensuring that the health and care system remains sustainable for the future, nearly 60% of adult social care and over 80% of GP practices were rated good or outstanding. At the same time the report highlights variation in quality, including between different services from the same provider and between different providers.

- ▶ **Ability to improve** – the report highlights an increase in enforcement actions from 4% in 2013/14 to 7% in 2014/15, and that initial results show that, on re-inspection, more than half of services were able to improve their ratings within six months.
- ▶ **What it takes to be outstanding** – the report emphasises that high-quality care can be provided under constrained financial conditions through managing resources well. Good and Outstanding providers are not simply relying on more money, the report highlighting that over 90% were also good or outstanding for their leadership.
- ▶ **Data and transparency** – across all sectors, continuing development of better data, which is available to all stakeholders is seen as important, particularly for adult social care and community and mental health services. In the absence of such information, understanding the quality of care beyond inspections, (or assessing the impact that changes are having on quality of care) is difficult.



Regulation news

Personalised commissioning in adult social care

The National Audit Office (NAO) has recently published a report on commissioning in adult social care. Although personal budgets became mandatory for all eligible users from April 2015 under the Care Act, the NAO has concluded that the Department of Health (DH) requires a deeper understanding of implementing personalised commissioning in the best ways.

Long-term community care accounted for £6.3 billion of local authority spend in 2014/15, and the DH has plans to extend this.

The NAO also highlighted a difference in expectations between the DH and local authorities. Local authorities expect that savings can be made by personalising care, whereas DH anticipates improved value for money through improved outcomes. The Care Act guidance noted that responding to the needs of users and their desired outcomes could increase the cost of care, whereas

some local authorities are finding personalising commissioning challenging because of their need to reduce overall spending.

Current monitoring arrangements do not allow the Department to wholly understand how personal budgets and direct payments can lead to improve outcomes. Nor has it looked at how personal budgets can work when finances are challenged.

Amyas Morse, Head of the NAO, said:

“Giving users more choice and control over their care through personal budgets and direct payments can improve their quality of life, but much of the positive evidence for personalised commissioning of adult care services is old. The Department now needs to gain a better understanding of the different ways to commission personalised services for users, and how these lead to improvements in user outcomes.”



Regulation news

Highways Network Asset

CIPFA has published a consultation on the **Draft Code of Practice on the Highways Network Asset** (HNA Code) with a closing date of 6 April 2016.

The draft HNA Code includes the following definition of the Highways Network Asset:

Highways Network Asset is a network and grouping of interconnected inalienable components, expenditure on which is only recoverable by continued use of the asset created, i.e., there is no prospect of sale or alternative use. The interconnected network is made up of carriageways, footways and cycleways and the structures, street lighting and other assets that are directly associated with them.

CIPFA is producing a series of briefings to support local authorities in the implementation of the new measurement requirements. The second briefing in this series is available from the CIPFA website, and includes guidance on reporting requirements for 2015/16. It notes that the requirements to restate opening balances at 1 April 2015 and prior year comparatives in the financial statements for 2016/17 relating to the Highways Network Asset has now been removed. Please liaise with your auditor to discuss how this will affect your organisation.

2016/17 work programme and scales of fees

The PSAA has published the work programme and scale of fees for 2016/17 audits of principal audited bodies. This set out the work the auditors will undertake for 2016/17 with associated scale fees for individual audited bodies. The key points are:

- ▶ No change to the overall work programme for 2016/17.
- ▶ Scale fees for 2016/17 have been set at the same level as the 2015/16 fee.

<http://www.psa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/>



Key questions for the audit committee

What questions should the Audit Committee be asking itself?

What assumptions have we included regarding business rates income in our medium term financial plan, and how is this impacted by the changes announced in Budget 2016, such as the increase in Small Business Rates Relief?

Have we determined how we will procure our external audits for the financial year 2018/19 and onwards?

Have we discussed and considered the advantages and disadvantages of the three possible approaches to procurement?

Have we considered how we can use capital receipts to support revenue projects?

Have we considered whether our savings requirements in the short and medium term impact on our capacity to meet the objectives of Personalised Commissioning and how we can address this?

Have we considered the impact of the Highways Network Assets, and are we prepared for this change?



Find out more

Devolution

The full EY report is available at
<http://www.ey.com/UK/en/Industries/Government---Public-Sector/EY-From-Whitehall-to-Townhall>

Retention of business rates

See the government announcement at:
<https://www.gov.uk/government/news/record-business-rates-predicted-as-devolution-revolution-kicks-off>

Budget 2016

The full budget report is available at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508193/HMT_Budget_2016_Web_Accessible.pdf

See also EY's Budget alerts at:
<http://www.ey.com/UK/en/Services/Tax/Budget>

Off-payroll working in the public sector

Read more about the government's proposed changes at:
<https://www.gov.uk/government/publications/off-payroll-working-in-the-public-sector-reforming-the-intermediaries-legislation>

PSAA Corporate Plan

To read the Corporate Plan in full – visit:
<http://www.psaa.co.uk/wp-content/uploads/2016/01/PSAA-Corporate-Plan-2015-2018.pdf>

Flexibility on use of capital receipts in Local Government

See the final guidance and the issued directions at:
<https://www.gov.uk/government/publications/guidance-on-flexible-use-of-capital-receipts>

The state of health care and adult social care in England

Visit: <http://www.cqc.org.uk/content/state-care-201415>

Personalised commissioning in adult social care

Find out more at:
<https://www.nao.org.uk/press-releases/personalised-commissioning-in-adult-social-care/>

Highways network asset

Read the consultation and respond via the CIPFA website at:
<http://www.cipfa.org/policy-and-guidance/consultations/hna-consultation>

For further guidance on the implementation of the Highways Network Asset, see:
<http://www.cipfa.org/policy-and-guidance/local-authority-highways-network-asset>

2016/17 work programme and scales of fees

For further information:
<http://www.psaa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/>

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Implementation of Internal Audit Recommendations: Summary of Progress
Report by Head of Finance

Summary: This report updates members on progress in implementing Internal Audit recommendations arising out of audits carried out since 2015/16.

Recommendation: That the report be noted.

1 Introduction

- 1.1 It has been agreed that this Committee will receive a regular update of progress made in implementing Internal Audit report recommendations, focusing on outstanding recommendations and including timescales for completion of any outstanding work.
- 1.2 This report summarizes the current position regarding recommendations arising out of internal audit reports which have been produced for 2015/16. It sets out in the appendix details of:
- recommendations not yet implemented
 - recommendations not implemented at the time of the last meeting which have since been implemented
 - New recommendations since the last meeting

2 Summary of Progress

- 2.1 In the previous report to this Committee in February two of the recommendations relating to Corporate Governance have been completed. Of the Key Controls two have been completed and one remains outstanding. The members governance have four recommendations that are not yet due with one that has been completed.

3 Internal Audit Programme 2015/16

- 3.1 The third and fourth audits from the 2015/16 programme have now been completed with further details below.

3.2 Key Controls

3.2.1 The last Key Controls Audit was undertaken in May 2015. This resulted in good assurance with one low level recommendations being made, which has been subsequently implemented. The objective of the audit was to review the systems and processes of internal control are reasonable in managing the risks associated with the Key Controls. This resulted in a “reasonable” audit opinion with three “needs attention” recommendations (previously low priority). Although this rating is not as last years “good”, members should be satisfied that the adequate is still a good outcome and steps have been taken to address these issues.

3.2.2 The audit identified areas for improvement relating to:

- The current system of approving virements should be reviewed and either brought in line with the current Broads Authority Financial Regulations or the regulations changed to modify the approval requirement to reduce the risk of budgets being used for inappropriate purposes.
- A system ‘fix’ should be identified to ensure that it is not possible for a Level 1 Approver and Level 2 Approver to be the same person, to reduce the risk of inappropriate or fraudulent payments to suppliers being approved.
- When changes (including new supplier set up) are made to supplier’s bank account information, a system generated report should be periodically produced and checked back to original documentation supporting the change made. This will reduce the risk of incorrect or fraudulent changes being made to supplier’s accounts.

3.2.3 Good practice was noted relating to sound controls that are in place and operating consistently around:

- Controls tested were found to be adequate, effective and efficient in the following areas: Treasury Management/Investments, General Ledger, Asset Management, Payroll, Toll Income and Control Accounts.

3.2.4 Two of the “low” recommendations have been implemented and one remains outstanding but is still on target to be completed by the agreed date.

3.3 Members Governance

3.3.1 The objective of the audit was to review the systems and controls in place within Members Governance, to help confirm that these are operating adequately, effectively and efficiently. This resulted in a “reasonable” audit opinion with two “important” and three “needs attentions” recommendations.

3.3.2 The audit identified areas for improvement relating to:

- Declarations of interest to be added as a standing agenda item on all Broads Local Access Forum meeting agendas to comply with the

Broads Local Access Forum Constitution and mitigate the risk that conflicts of interest are not handled adequately.

- Guidance to be produced for informal treatment of complaints against Members which should include a set of criteria to determine if the incident is to be treated informally or whether it should follow the formal process. In conjunction with this, the formal complaints process should be reviewed and updated to also incorporate the process for dealing with Broads Authority Members and staff, if they are the complainant. This should also refer to the Protocol on Member and Officer Relations. This should contribute to the transparency of the process and help mitigate the risk that complaints/misconduct are treated inconsistently, unfairly and not in accordance with policy
- The Members Training Strategy to be reviewed and on an ongoing basis thereafter in order to reduce the risk of the strategy becoming inappropriate for the Authority's requirements.
- The Members Code of Conduct Complaints Guidance Notes and Complaints Form to be reviewed and updated, including appropriate reference to officer's job titles and the Hearings Committee terms of reference. Appropriate updating should reduce the risk that out of date guidance is applied and processes are not carried out correctly and in an untimely manner.
- To incorporate a number of changes/updates to the Code of Conduct and associated documentation as a result of other authorities' policies and practices reviewed within this audit. These updates include applying an assessment criteria in the initial assessment of the complaints process, including a section on 'Disclosable Pecuniary Interests' and 'non pecuniary interests' and, adoption of timeframes for certain parts of the process including initial assessment of the complaint, notification of no action taken and, time taken for the actual decision to be made. This should help ensure Code of Conduct documents are more comprehensive and robust therefore mitigating the risk that they are not fit for purpose.

3.3.3 Good practice was noted relating to where sound controls are in place and operating consistently:

- A member training plan is produced every year. This is informed by the member performance appraisals and the member training strategy
- Annual performance appraisals are undertaken of Members appointed to the Authority by the Secretary of State from Defra. These appraisals are also offered to other Members and the take up of these has been good
- There is a guidance/policy in place that clearly states which course of action will be undertaken if Members do not adhere to the Code of Conduct
- Members receive induction training and other mandatory training, including the Code of Conduct, and attendance records for these are recorded

- Job descriptions are in place for Members of the Broads Authority and the Navigation Committee
- A register of Members interests is kept and declarations are signed by Members on an annual basis and all sampled declarations reviewed during the audit were available

3.3.4 One of the “important” recommendations has been implemented and the outstanding four remain outstanding but are still on target to be completed by the agreed date.

3.3.5 Details of all new recommendations and the Authority’s actions to date in response are set out in the appendix 1.

Background papers: None

Author: Emma Krelle
Date of report: 13 June 2016

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Summary of Actions / Responses to Internal Audit Recommendations 2015/16

Summary of Actions / Responses to Internal Audit Recommendations 2015/16

Corporate Governance and Risk Management: June 2015

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. Strategic Objectives Aligned with Risk Register The Strategic Risk Register should be directly linked to the Strategic Objectives and Annual Strategic Priorities, with a gap analysis completed.</p>	Low	Solicitor and Monitoring Officer	<p>Agreed in principle at the de-brief meeting by the Solicitor and Monitoring Officer on 12 May 2015.</p> <p>This recommendation will be reviewed by the Authority's Management Team before reporting back to the Financial Scrutiny and Audit Committee on 22 September 2015 (updated to 9 February 2016) with an agreed way to implement this recommendation being adopted as soon as practicable thereafter.</p> <p>Completed. Additional matrix produced and provided to auditors.</p>	By 31/03/2016
<p>2. Scoring within the Risk Register The risk scoring mechanisms, mitigating actions and further necessary actions on the Strategic</p>	Low	Solicitor and Monitoring Officer	Agreed in principle at the de-brief meeting by the Solicitor and Monitoring Officer on 12 May 2015.	By 31/03/2016

Summary of Actions / Responses to Internal Audit Recommendations 2015/16

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
Risk Register should be reviewed for all risks, to ensure they are giving adequate assurance to reduce the residual risk scoring.			<p>This recommendation will be reviewed by the Authority's Management Team before reporting back to the Financial Scrutiny and Audit Committee on 22 September 2015 with an agreed way to implement this recommendation being adopted as soon as practicable thereafter.</p> <p>Completed. Risk Register reviewed in February and will be further updated over the summer.</p>	

Planning: October 2015

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>3. Policy and Procedures The Procedure Manual is reviewed and updated so that it includes the processes that should be followed in respect of enforcements, appeals and the administration processes. Future</p>	Needs Attention	Head of Planning	<p>The draft enforcement plan has been produced and will be completed by the end of the financial year.</p> <p>Additional work on updating</p>	By 31/03/2016

Summary of Actions / Responses to Internal Audit Recommendations 2015/16

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
review dates be adhered to for reviewing the procedures. If the procedures and processes are not clearly documented there is a risk that incorrect processes will be adopted. By documenting the procedures and processes it will lead to a clear understanding by staff and a standardized consistent approach.			standard templates will be undertaken following the system supervisor training. Completed. The draft enforcement plan was approved at Planning Committee on 27/05/16 with full adoption by the Authority expected on 8 July 2016.	

Key Controls: April 2016

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
1. Approval of Budget Virements The current process of approving virements to be reviewed, and either be brought in line with the Broads Authority Financial Regulations or a request to change these regulations be made to the Management Team, to modify the approval requirement. If the correct approval process is not followed for budget virements there is	Needs Attention	Head of Finance	The Management Team has agreed that the regulations should be updated, to be completed by the implementation date shown.	By 31/08/16

Summary of Actions / Responses to Internal Audit Recommendations 2015/16

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
a risk that budgets may be used for inappropriate purposes. By ensuring that all budget virements are approved in accordance with the Broads Authority Financial Regulations				
<p>2. Electronic invoice Approval A permanent system 'fix' should be identified to ensure that it is not possible for a Level 1 and Level 2 approver to be the same person. If invoices can be approved by just one person, who may also have placed the original order, there is a risk that inappropriate or fraudulent purchases will not be identified. By ensuring that two separate people approve invoice payments will reduce the risk of inappropriate or fraudulent payments.</p>	Needs Attention	Head of Finance	<p>Following the audit IT have investigated the total number of instances over the last year. Of the 4,433 invoices processed only 6 (0.14%) have been sent to the same level 1 and 2 approver. IT has tried to implement a fix with 2 suppliers at cost without success. To enhance the current warning IT will make the warning more prominent and highlight who has approved it at level 1. A report will also be introduced before the weekly payment run to check on any occurrences.</p> <p>Update: IT has developed a fix that automatically rejects</p>	By 30/09/16

Summary of Actions / Responses to Internal Audit Recommendations 2015/16

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			an invoice sent to the same level 1 & 2 approver so this will no longer happen. This means the report will no longer be required.	
<p>3. Amendments to Supplier bank account details Once the charge is known for Dimensions to produce a report, which identifies changes made to suppliers bank account details, decide whether this option will be taken based on the costs and benefits. In the meantime, to ensure a review of unexpected items is undertaken before each weekly payment run and the payment run is signed to this effect. As changes can be made by any member of the Finance Team to supplier bank details there is a risk that these could be fraudulent. By checking all changes made on Dimensions to original documentation will reduce the risk of fraudulent changes being made to supplier bank account details.</p>	Needs Attention	Head of Finance	<p>Unusual suppliers bank details will be checked as part of the weekly payment run. The reconciliation sheet will be signed to confirm this check has been undertaken.</p> <p>Audit note: An example signoff sheet to demonstrate the process has been provided. Implementation confirmed.</p> <p>Completed. Update: Following discussions with the accounts package provider a report can now be run that identifies what suppliers bank details have been changed. This report requires a slight modification to identify what</p>	By 13/04/16

Summary of Actions / Responses to Internal Audit Recommendations 2015/16

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			Supplier Account the changes relate to. Once rectified this has been incorporated into the checking of the weekly payment run.	

Review of Members Governance: April 2016

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
1. Members Conduct To add declarations of interest as a standing agenda item on all Broads Local Access Forum meeting agendas. To comply with the Broads Local Access Forum constitution and mitigate the risk that conflicts of interest are not handled adequately.	Important	Senior Waterways and Recreation Officer	Agreed as a standing item for future agendas. Completed. This was added to the agenda on 08/06/16.	By 30/06/16
2. Members Conduct Guidance to be produced for informal treatment of complaints against Members which should include a set of criteria to determine if the incident is to be treated informally or whether it	Important	Solicitor and Monitoring Officer	Agreed. BA to Review Members of Conduct, Complaints Process and timescales, Member/Officer Protocol when new Solicitor and Monitoring Officer takes	By 30/11/16

Summary of Actions / Responses to Internal Audit Recommendations 2015/16

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>should follow the formal process. In conjunction with this, the formal complaints process should be reviewed and updated to also incorporate the process for dealing with Broads Authority Members and staff if they are the complainant. This should refer to the Protocol on Member and Officer Relations in the Broads Authority.</p> <p>To ensure the complaints process for Members captures all eventualities including decisions to treat certain incidents in an informal matter. This should contribute to the transparency of the process and help mitigate the risk that complaints/misconduct are treated inconsistently, unfairly and not in accordance with policy.</p>			<p>up post, by 31 October 2016.</p> <p>To be approved By Broads Authority on 18/11/2016.</p>	
<p>3. Members Training & Support Management to conduct a review of the training strategy and to ensure that the strategy is reviewed on a regular basis going forward. Version control details to be added to ensure it is clear when the strategy was last updated. Regular review of the Members</p>	Needs Attention	Solicitor and Monitoring Officer	<p>Agreed. BA to Review Training Strategy for Members when new Solicitor and Monitoring Officer takes up post, by 31 October 2016.</p> <p>To be approved By Broads Authority on 18/11/2016.</p>	By 30/11/16

Summary of Actions / Responses to Internal Audit Recommendations 2015/16

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
Training Strategy will help to ensure that the strategy remains appropriate to the Authority's changing requirements.				
<p>4. Members Conduct To review and update as necessary, the existing Code of Conduct associated documentation, including ensuring the current officers are referred to such as the Solicitor and Monitoring Officer. This should include incorporation of the Hearings Committee terms of reference so that their role and make up is clear and included within the main documentation. Appropriate updating of the Code of Conduct guidance should reduce the risk that out of date guidance is applied and processes are not carried out correctly and in an untimely manner.</p>	Needs Attention	Solicitor and Monitoring Officer	<p>Agreed.BA to Review Members of Conduct, when new Solicitor and Monitoring Officer takes up post, by 31 October 2016.</p> <p>To be approved By Broads Authority on 18/11/2016.</p>	By 30/11/16
<p>5. Members Conduct Code of Conduct policies and practices adopted by other authorities were reviewed against those in use at the Broads Authority. As a result of this review the following is</p>	Needs Attention	Solicitor and Monitoring Officer	Agreed. BA to Review Members of Conduct, Complaints Process and timescales, Member/Officer Protocol when new Solicitor and Monitoring Officer takes	By 30/11/16

Summary of Actions / Responses to Internal Audit Recommendations 2015/16

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>recommended:</p> <ul style="list-style-type: none"> - To update the Code of Conduct to refer to disclosing a "public service interest" including the definition of a public service interest. - To include a section, in the Code of Conduct, on 'Disclosable Pecuniary Interests' which includes descriptions of interests such as contracts and corporate tenancies and, a section on non-pecuniary interests. - Assessment criteria to be applied in the initial assessment of the complaints process to act as a form of checklist. This can then determine if the complaint needs to be investigated or not. - Review the terms of reference for the Hearings Committee against those of other authorities such as South Downs to ensure they are robust enough. - Include timeframes for certain parts of the process including initial assessment of the complaint, notification of no action taken and, time taken for the actual decision to be made. Consider if the performance in meeting these timeframes can then 			<p>up post, by 31 October 2016.</p> <p>To be approved By Broads Authority on 18/11/2016</p>	

Summary of Actions / Responses to Internal Audit Recommendations 2015/16

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
be reported within the annual report to the Broads Authority. Code of Conduct documents are more comprehensive and robust which mitigates the risk that they are not fit for purpose.				

Review of Code of Conduct for Members
Report by Solicitor and Monitoring Officer

Summary: This report updates the position regarding the new draft Code of Conduct for Members.

Recommendation: That comments are sought from the Financial Scrutiny and Audit Committee prior to the Broads Authority meeting on 8 July 2016.

1 Introduction

- 1.1 Within the Annual Governance Statement for last year, was a requirement for the Members' Code of Conduct to be reviewed as part of this year's Action Plan.
- 1.2 I have recently taken up my post and I have had my attention drawn to this task as a priority issue.
- 1.3 I have accordingly produced the draft attached for comment.
- 1.4 In order to produce this draft, I have considered current guidance issued on 9 May 2016, for Local Government Standards in England, House of Commons Library Briefing Paper Number 05707. The following summary is taken from that paper.

2 Legal Guidance

- 2.1 Standards for England (previously the Standards Board) was abolished on 1 April 2012. The Localism Act 2011 included measures as follows:
 - A requirement for local authorities to promote and maintain high standards of conduct
 - Provision for the introduction of local codes of conduct and local responsibility for investigating breaches of those codes
 - The requirement for local authorities to establish a code, which is to be based on the "Nolan Principles" of public life
 - Requirements as to local registration and disclosure of pecuniary interests, together with the creation of a criminal offence related to non-disclosure.

3 Audit Recommendations

3.1 The Head of Internal Audit has recommended amendments to several governance documents, all of which will be attended to in the near future. In relation to the Code of Conduct for Members, it was recommended that:

- The Code of conduct be updated to incorporate an assessment criteria in relation to the complaints process, including a section on disclosable pecuniary interests and non-pecuniary interests and adoption of timeframes for certain parts of the process
- Guidance to be produced for informal complaints against Members with appropriate criteria and the Code updated with reference to the Protocol on Member and Officer Relations, with other associated recommendations

4 Approach

4.1 I have considered several other publicly available Codes of Conduct for members of local authorities and drawn from them in order to produce the draft. The most common approach for informal dealings with complaints is to set up a local dispute resolution procedure, as I have done in the draft.

4.2 Most codes of conduct refer expressly to the Nolan principles. The most common approach is to set out the principles, rather than to attempt any detailed description or examples of how the principles may be invoked or dealt with in practice. This is an approach I have also adopted, so as not to fetter the discretion of the Hearings Committee.

4.3 I consider that the new draft meets the requirements of the audit recommendations. There will need to be an updating of the Protocol for Staff and Member Relations as well as a new Handbook for members to be introduced.

Background paper: None

Author: David Harris, Solicitor and Monitoring Officer

Date of report: 23 June 2016

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Draft Code of Conduct for Members



Code of Conduct for Members and
Complaints Procedure

July 2016

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1 Introduction and Overview

- 1.1 This revised Code of Conduct for Members (“the Code”) sets out the conduct which is expected of members and co-opted members (“Members”) of the Broads Authority (“the Authority”) when they are acting in that capacity, as required by section 27 of the Localism Act 2011.
- 1.2 The Nolan Report set out the seven Principles of Public Life, which are incorporated into the Code as required by section 28 Localism Act 2011. The Authority also has a statutory duty under section 27 of the Act to promote and maintain high standards of ethics and conduct by its Members.
- 1.3 Members will be offered training on the Code whether by the Monitoring Officer or from a representative body and the Authority expects all Members to take advantage of such training, including refresher courses, to ensure that they are fully aware of the provisions of the Code and the standards expected of them in public.
- 1.4 Members are also urged to avail themselves of the Local Resolution Procedure under the Code for dealing with Member versus Member complaints and other disagreements and to ensure the effective use of the Authority’s resources. The aim of Local Resolution is to resolve matters at an early stage so as to avoid the unnecessary escalation of the situation which may damage personal relationships within the Authority and the Authority’s reputation.
- 1.5 The following pages set out the Code and guidance and it is intended to be consistent with the seven principles. It is also not an exhaustive list of all legal obligations which fall upon Members and does not discharge members from their duty to ensure that at all times they act within the seven principles attached to the Code. The Authority also has its core values, which Members are asked to observe and follow. These are set out in section 2.
- 1.6 Members should ensure that they take appropriate action in relation to any Disclosable Pecuniary Interest. Failure to do so may result in a criminal conviction and a fine of up to £5,000 and/or disqualification from office for a period of up to 5 years.
- 1.7 Members should comply with the Code whenever they are acting in their official capacity as a Member including at full meetings, committee meetings and sub-committee meetings. The Code also applies to Members’ dealings with each other, with outside bodies, briefing meetings with officers, site visits, use of social media and in communication with the Authority, other than in a private capacity.
- 1.8 Freedom of expression is a right which applies to all Members of the Authority. A Member’s freedom of expression attracts enhanced protection where the comments are political in nature. The criticism of opposing ideas and opinion is considered to be part of democratic debate and it is unlikely that such comments would amount to a breach of the Code. Comments which fail to show respect and consideration to Authority officers may, in contrast, be a breach of the Code.

- 1.9 Members' attention is drawn to the Protocol on Member and Officer Relations in the Broads Authority which sets out expectations of Members' conduct towards staff. The Authority has a Staff Code of Conduct for its staff which includes guidance on staff relations with Members, including on social media.
- 1.10 Members' attention is also drawn to the Authority's Standing Orders which includes guidance on conduct within meetings of the Authority and its committees including sanctions for disorderly conduct by Members within such meetings.

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2 Principles of Conduct and Core Values

Principles of Conduct

2.1 The Code promotes the highest standards of ethics and conduct and draws upon the Nolan principles of conduct as follows:

2.2 **Selflessness.**

Members must act solely in the public interest. They must never use their position as Members improperly to confer an advantage on, or to avoid a disadvantage for, themselves or improperly to confer an advantage or disadvantage on others.

2.3 **Integrity and propriety.**

Members must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. Members should not act or take decisions in order to gain financial or other material benefits for themselves, their families or friends. Members must declare and resolve any interests and relationships.

Note: Members should avoid putting Authority staff in breach of their own Code of Conduct, such as adding them as friends on social media platforms such as “Facebook”. Members should familiarise themselves with the Protocol on Member and Officer Relations in the Authority.

2.4 **Objectivity in decision making**

In carrying out their responsibilities including making appointments, awarding contracts, or recommending individuals for rewards or benefits, Members must make decisions on merit. Whilst Members must have regard to the professional advice of officers and may properly take account of the views of others, including their political groups, it is their responsibility to decide what view to take and, if appropriate how to vote on any issue.

2.5 **Accountability**

Members are accountable to the public generally for their actions and for the way they carry out their responsibilities as a Member. They must be prepared to submit themselves to such public scrutiny as is appropriate to their responsibilities.

2.6 **Openness**

Members must be as open as possible about all their actions and those of the Authority. They must seek to ensure that disclosure of information is restricted only in accordance with the law. Members should be transparent through being prepared to give reasons for their decisions and actions.

2.7 **Honesty**

Members must declare any private interests relevant to their public duties and take steps to resolve any conflict in a way that protects the public interest. Interests must be registered and declared in a manner which conforms to the procedures set out below.

2.8 Leadership

Members must promote and support these principles by leadership and example so as to promote public confidence in their role and in the Authority. They must respect the impartiality and integrity of the Authority's statutory officers and its other employees. Members should be willing to support the Code and willing to challenge poor behaviour whenever it occurs.

Note: The Protocol on Member and Officer Relations section 3 provides that officers can expect from Members leadership and that they take responsibilities for decisions made by the Authority and for defending them publicly.

2.9 Stewardship

In discharging their duties and responsibilities, Members must ensure that the Authority's resources are used both lawfully and prudently. They must ensure that the Authority's resources are not used improperly for political purposes (which include any party political purposes). Expenses must be claimed in accordance with the Authority's guidance and supported by receipts, where appropriate and claimed reasonably promptly.

2.10 Confidentiality

Members must not disclose any information given to them which should reasonably be regarded to be of a confidential nature, including items discussed in the confidential sections of meetings. This duty of non-disclosure may no longer apply where either the consent of the person authorised to give it has been obtained, or there is a legal requirement to disclose. If in doubt, you are encouraged to seek the views of the Monitoring Officer.

Note: The Protocol on Member and Officer Relations in the Broads Authority section 8 on Disclosure of Information by Members sets out the procedure in relation to disclosure of confidential information, which involves 72 hours prior notification in advance to the Chief Executive or Solicitor and Monitoring Officer. The Information Commissioner has issued helpful guidance on the Freedom of Information Act and Data Protection Act which is available on the ICO website www.ico.gov.uk or by calling 0303 123 1113.

2.11 Equality and respect

Members must treat others with respect and promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their sex, race, age, religion, gender, sexual orientation or disability. You should respect the impartiality and integrity of the Authority's statutory officers and its other employees.

Note: The Protocol on Member and Officer Relations sets out in detail the roles and responsibilities and the working relationships between Members and officers. Section 3 sets out expectations that each can expect from the other respect and courtesy and the highest standards of integrity.

Core Values

- 2.12 In addition to the principles of conduct, Members should, so far as possible, reflect the Authority's Core Values, which have been drawn up by the Authority's staff and adopted by the Authority:
- 2.13 **Commitment** – We are committed to making a difference to the Broads for the benefit of all and we will have the courage of our convictions when faced with difficult decisions.
- 2.14 **Caring** – We are considerate and respectful of each other, working together to provide the best service we can.
- 2.15 **Open and honest** – We are open, honest and inclusive in our communication and in making decisions. We are approachable and available, reaching out to all groups.
- 2.16 **Sustainable** – We take the long-term view, are passionate about our environment and its ability to provide for a vibrant local economy and the well-being of local people.
- 2.17 **Exemplary** – We strive for excellence in all we do. We are ambitious, innovative and lead by example

3 Registering and declaring disclosable pecuniary and other non-pecuniary registrable interests and gifts

- 3.1 A Member must within 28 days of taking office as a Member notify the Monitoring Officer of any disclosable pecuniary interest as defined by regulations made by the Secretary of State. This applies whether that interest is their own, their spouse's or civil partner's, or is the interest of someone with whom they are living with as a husband or wife, or as if you were civil partners. The interest will be included in the Authority's register of interests (a copy of which is available for public inspection and published on its web site).
- 3.2 In addition to 3.1, Members must within 28 days of taking office as a Member notify the Monitoring Officer of any disclosable pecuniary or non-pecuniary interest which the Authority has decided should be included in the register.
- 3.3 If an interest above has not been notified or entered in the register, then the Member must disclose the interest to any meeting of the Authority at which they are present, where they have disclosable interest in any matter being considered and where the matter is not a "sensitive interest" as described in the Localism Act 2011. In relation to sensitive interests, which include any concern that disclosure might lead to the Member being subject to violence or intimidation, you should speak to the Monitoring Officer, who may agree to exclude details from any publicly available version of the register of interests.
- 3.4 Following disclosure of an interest not on the Authority's register or the subject of pending notification, you must notify the Monitoring Officer of the interest within 28 days beginning with the date of disclosure.
- 3.5 Unless dispensation has been granted, a Member may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a pecuniary interest as set out in 3.1 above. In addition a Member must observe the restrictions the Authority places on their involvement in matters where they have a pecuniary or non-pecuniary interest as defined by the Authority.

Disclosure of interests at meetings

- 3.6 Where an interest described above or in the following paragraph in any business of the Authority has been declared and, where a Member is aware or ought reasonably to be aware of the existence of that interest and they attend a meeting of the Authority at which the business is considered, the Member must disclose to that meeting the existence and nature of that interest at the commencement of its consideration. If not apparent in advance from any agenda, as soon as the interest becomes apparent as being relevant to the business under consideration a Member must immediately declare it.
- 3.7 Members have a personal interest in any business of the Authority where a decision in relation to that business might reasonably be regarded as affecting their well-being or financial position or the well-being or financial position of a member of their family or any person with whom they have a close relationship to a greater extent than the majority of other Toll payers or

inhabitants of the Authority's geographical area or National Park area, as the case may be, affected by the decision.

Non participation in case of other prejudicial interest

- 3.8 Where Members have a personal interest (as set out in 3.7 above) they will also have a prejudicial interest, if the following also applies. That is that on an objective analysis, Members' judgement of the public interest would be affected through their financial position or that of a person or body which has been, or should have been, notified in the register of interest by the Member. The test to be applied is whether a member of the public with knowledge of the facts would reasonably regard the pecuniary interest as so significant that it would prejudice the Member's judgment.
- 3.9 Where there is such a prejudicial interest, the Member must not participate in any discussion of, vote on or discharge any function related to such prejudicial interest. An application may be made for special dispensation from the Authority in relation to this and the Member must observe any restrictions placed by the Authority in such circumstances.
- 3.10 There are some subject areas in relation to the Authority which, once an interest has been disclosed, a Member may nonetheless attend a meeting and vote. These include:
- Housing, where the extent of the interest is limited only to being a tenant of the Authority in the general sense.
 - Matters relating to schools, when the Member is a parent, guardian or governor of a child at a different school in the area. These include school meals, school transport and expenses.
 - An allowance, payment or indemnity given to Members
- 3.11 There are other subject areas which may apply in local government, but it is considered that these are unlikely to apply to Members of the Authority. Please ask your Monitoring Officer for further information.

Gifts and hospitality

- 3.12 Members do not need to notify any gifts, benefits or hospitality with a value of less than £25.
- 3.14 Other gifts must be notified to the Monitoring Officer within 28 days of receipt. The Monitoring officer will enter details of the gift on a public register of gifts and hospitality.

4 Complaints Procedure

4.1 The Localism Act provides that, where there are complaints of misconduct, the Authority must have in place arrangements under which allegations can be investigated and arrangements under which decisions on allegations can be made. The following procedure applies to complaints made against a Member by another Member, or by officers or any other person.

4.2 In relation to officers, a complaint should be after consultation with their Director and may be made in relation to a breach of the Protocol on Member and Officer Relations.

Making a complaint

4.2 The complaint should be made to the Monitoring Officer in writing or by e-mail. The address is:

Monitoring Officer, Broads Authority, Yare House, 62-64 Thorpe Road,
Norwich NR1 1RY

E-mail address: david.harris@broads-authority.gov.uk

4.3 A copy of the complaint form, which should be used for all complaints, is attached at Appendix 1. This form should also be used for making a complaint under the Local Resolution Procedure. Completion of a Complaint Monitoring Form at Appendix 1a is also requested, but is not compulsory.

4.4 In order to make a complaint, a Member will need to have reasonable belief that there has been a breach of the Code. In order to have a reasonable belief that a breach has occurred, there will need to be direct evidence which supports the complaint. Members should consult the Monitoring Officer for advice if they are in doubt. Where the breach is a very minor or technical one, or where there is no clear evidence that a breach occurred, the Monitoring Officer may advise Member of the likely threshold and suggest that the matter might be more appropriately dealt with through the Authority's Local Resolution Process.

4.5 Once received a complaint will be acknowledged by the Monitoring Officer within five working days.

Confidentiality

4.6 As a matter of fairness and natural justice the subject Member should usually be told who has complained about them and received details of the complaint. However, in exceptional circumstances, the Monitoring Officer may withhold the complainant's identity if on request they are satisfied that the complainant has reasonable grounds for believing that they or any witness relevant to the complaint may be at risk of physical harm, or his or her employment may be jeopardised if their identity is disclosed, or where there are medical risks (supported by medical evidence) associated with the complainant's identity being disclosed.

- 4.7 If a request for confidentiality is refused, the Monitoring Officer will explain the reason and give the complainant the option to withdraw the complaint, rather than proceed with his or her identity being disclosed.
- 4.8 The complaint will be acknowledged and the subject Member will be informed that a complaint has been made about him or her. Such notification will state that the complaint has been made; the name of the complainant (unless the complainant has requested confidentiality and this is being upheld, brief details of the complaint and the paragraphs of the Code which may have been breached. In very limited situations, the subject of the complaint may not be notified, in which case the Monitoring Officer will record his reason. Such situations may be where it is not reasonably possible to identify who the subject of the complaint might be.
- 4.9 Where specific details of complaints are passed to the local press and media, or posted on social media, this may prejudice an investigation and may also be a breach of the Code. Well-founded breaches of the Code should be reported to the Monitoring Officer and Members making allegations should not generate publicity in advance of the outcome of the complaint.

Initial Assessment

- 4.10 In determining whether to investigate a complaint, the Monitoring Officer will adopt a three-stage process, all in consultation with an Independent Person. At each stage the Monitoring Officer may request further clarification or documentation from the complainant, without this forming part of any investigation.

Stage 1 – The Monitoring Officer will decide whether the complaint is within the Authority’s jurisdiction which will include consideration of the paragraphs of the Code to which the complaint might relate. If there is no jurisdiction then the complaint will be dismissed.

Stage 2 - The Monitoring Officer will decide whether there is direct evidence that a breach took place. The level of proof will be on the balance of probabilities, that is to say, whether it is more likely than not. If there is no direct evidence, or if the complaint is considered to be vexatious, then the complaint will be dismissed.

Stage 3 – The Monitoring Officer will decide whether the complaint is suitable to be dealt with within the Local Resolution Procedure, or whether it should be the subject of a full investigation. The criteria which will be used for this analysis are set out in Appendix 2.

Local Resolution Procedure

- 4.11 The Local Resolution Procedure is a process for low-level complaints including those made by one Member against another.
- 4.12 If the Monitoring Officer, in consultation with the Independent Person, decides to refer the matter to local resolution, then the complainant will be informed

within 5 working days and the Local Resolution Procedure shall then apply (see section 5 below).

- 4.13 The criteria for referring the matter to the Local Resolution Procedure will include the following:
- Complaints that one member has failed to show respect and consideration for others
 - Complaints that one Member has made vexatious, malicious or frivolous complaints towards another.
 - Other low-level complaints which in the opinion of the Monitoring Officer, following consultation with an Independent Person, are suitable for informal resolution.

Formal Investigation

- 4.14 If the matter is to be fully investigated, as opposed to being dismissed or referred to the Local Resolution procedure, the Monitoring Officer will appoint an Investigating Officer who will prepare an initial report and recommendation. When appointing the investigating officer, the Monitoring Officer will write to the relevant parties informing them that the matter is to be fully investigated and informing them who will be responsible for conducting the investigation. The Monitoring Officer should give an indication as to likely timescale for the completion of the investigation, which should be within 28 days. Referring a matter for investigation does not mean that there have been any findings of fact. It simply means that the alleged conduct, if proved, may amount to a failure to comply with the Code and that some action should be taken in response to the complaint.
- 4.15 The Monitoring Officer will consider the recommendation of the investigating officer's report. If the recommendation is that there has been no breach of the Code, the Monitoring Officer will consult the Independent Person. If having taken into account the views of the Independent Person the Monitoring Officer approves the recommendation of the report then the Monitoring Officer will write to the complainant and the Member concerned to inform them that there will be no further action. This will normally be undertaken within 10 working days of the receipt of the report. The Monitoring Officer will give reasons for the decision. There is no appeal or review of that decision by the Authority or any other person.
- 4.16 If the investigation concludes that there is evidence of a breach of the Code then the Monitoring Officer will consult the Independent Person and make a decision either to:
- (a) resolve the matter without the need for a hearing. That may include the application of those sanctions limited to those set out in paragraph 6.8 below. The Monitoring Officer will write to the complainant and the member concerned to inform them of the decision. The Monitoring Officer will give reasons for the decision. There is no appeal or review of that decision by the Authority or any other person; or
 - (b) convene a meeting of the Authority's Hearings Committee, to hear the matter.

- 4.17 In exceptional circumstances it may be considered by the Monitoring Officer and Independent Person that the Chair of the Authority should be invited to consider whether the member should be asked to withdraw from Authority duties pending the outcome of the Hearings Committee. There will need to be reasonable grounds for the belief that such as step is in the interests of the subject Member or the Authority.

Frivolous and Vexatious Complaints

- 4.18 Complaints made against other Members or officers or people working on behalf of the Authority must be based upon fact and not motivated by malice or by political rivalry. Members should avoid making complaints which have little or no substance or where the evidence of any breach is weak or non-existent. In the case of doubt as to whether a threshold has been met, advice should be sought from the Monitoring Officer. The making of frivolous or vexatious complaints may be conduct which will be considered a breach of the Code and dealt with under the Local Resolution Procedure.

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5 Local Resolution Procedure

5.1 The Authority has adopted this Local Resolution Procedure in order to promote and maintain high standards of conduct amongst members. It is intended to assist in the swift resolution of issues, so as to avoid the unnecessary escalation of the situation which may damage personal relationships within the Authority and the Authority's reputation. This procedure is also intended to resolve matters on an informal basis, where this is appropriate.

5.2 Complaints may be dealt with under this procedure as follows. Anyone who wishes to submit an allegation under this procedure should send the complaint (in the case of an officer following consultation with their head of department) to the Monitoring Officer. Additionally, the Monitoring Officer may have referred a complaint to this procedure following consultation with an Independent Person. Following receipt of the complaint, or referral, the Monitoring Officer will act as follows:

Stage 1

5.3 The Monitoring Officer will undertake a brief preliminary investigation to establish the facts and the areas of dispute. Possible resolutions will be canvassed with the complainant and then the Member about whom the complaint has been made.

5.4 Then Monitoring Officer will also consider, following this, whether another course of action or more formal investigation, is more appropriate.

Stage2

5.5 A mediation meeting will be held between the person making the complaint, the Member against whom the complaint is made, the Monitoring Officer and (if considered appropriate) other persons invited by the Monitoring Officer. Such persons may include an Independent Person, the Chief Executive, Chair of the Authority, political group leader, or in the case of a complaint being made by an officer a companion or Director. The meeting may commence with the parties in separate rooms and the Monitoring Officer acting as a mediator. The purpose of the meeting will be to try and resolve the matter without it going further.

Stage 3

5.6 If the matter is not resolved at stage two and the complainant wishes to proceed with it, the matter will be referred to a local resolution hearing before the Hearings Committee. The person making the complaint will be asked to submit a statement in writing within 14 days and the member complained against will respond within 14 days. Either party may submit a statement from a witness.

5.7 Within 28 days of the written evidence a hearing will be set before the Hearings Committee. Any party may have at their own expense a companion or representative, provided that in the case of representation the Monitoring

Officer and other party have been given 21 days' notice to this effect. Evidence will be limited to the contents of the statements. If any party does not attend, the hearing will proceed in their absence. The Monitoring officer will be available to advise the committee. After hearing oral evidence, the Hearings Committee will come to a conclusion on the allegation, which will be notified to the parties.

5.8 The possible outcomes to a hearing under the Local Resolution Procedure are:

- A finding that the matter does not warrant any further action to be taken
- A recommendation to the Monitoring Officer that there be a change to procedures or that more formal investigation action be taken
- A finding that the complaint be recorded by the Monitoring Officer as vexatious
- A finding that the complaint is upheld, but no further action is required
- A finding that the complaint is upheld and that the Member should be censured

5.9 Unless the complaint has been upheld, publicity will not be given to the names of the parties. The hearing before the Hearings Committee will be confidential.

6 Hearings Procedure

6.1 If a hearing is required, the Monitoring Officer will write to the subject Member proposing a date for the hearing. This date will normally be within six weeks of the investigation report and will be before a Hearings Committee. The Monitoring Officer will outline the hearing procedure, the Member's rights and ask for a written response from the Member within a set time to establish whether:

- the Member wishes to attend the hearing
- the Member disagrees with any of the findings of fact in the investigation report and if so which findings and the reason for disagreement
- the Member wishes to give oral evidence, or rely on written submissions
- witnesses will be called by the Member to give evidence (there is no power on the part of the Authority to compel attendance by a witness)
- they wish any part of the hearing to be in private
- they wish any part of the investigation report or other documents to be withheld from the public

The parties and the Hearing Committee will be sent a full bundle of documents for the hearing at least 5 days prior to the hearing.

Procedure at hearing

6.2 The procedure at the hearing will be in accordance with a procedure to be determined by the Monitoring Officer. It will usually adopt the following procedure

- The investigating officer will present his/her report to the Hearing Committee
- The investigating officer will be questioned on the report by any party and by the Hearing Committee
- Evidence will be given with questions being asked by any party and by the Hearing Committee. The order will be the complainant first, then the Member the subject of the complaint and then any witnesses in such order as the hearing Committee decides appropriate
- The Hearing Committee will withdraw to consider their decision, with the outcome notified by the Chair. The decision will be confirmed in a Decision Notice which will be sent to the parties within 5 working days of the hearing

6.3 If the hearing concludes that there has been no breach of the Code, there will be no further action. There is no appeal or review of that decision by the Authority or any other person. The Hearings Committee will give reasons for its decision.

6.4 If the Hearings Committee concludes that the Member the subject of the complaint has failed to comply with the Code, then the Authority has

delegated it powers to make such sanction as it considers it to be appropriate in order to promote and maintain high standards.

Sanctions

6.5 These sanctions may include any of the following:

- A request that the Member submit a written apology in a form specified by the Hearings Committee
- A request that the Member undertake specified training
- A request that the Member participates in such conciliation as may be specified
- A requirement that the Member deals with Authority business through one specified point of contact
- Placing such restrictions on Members access to staff which may be reasonable in the circumstances and in accordance with the Protocol on Member and Officer relations, providing that such restrictions do not prevent the Member from carrying out their duties
- A requirement that the Member does not attend at the Authority's offices, unless attending statutory meetings
- Reporting the Member to his/her County or District Council, Secretary of State as appropriate and reporting the matter to a full meeting of the Authority
- No sanction

Publication of findings

6.6 A summary of the complaint and findings will be reported to a full meeting of the Authority, for their information.



Members' Code of Conduct Complaint Form

To be used if you wish to make a complaint that a Member of the Authority has failed to comply with the Members' Code of Conduct.

If English is not your first language, please contact us if you require help to complete this form.

Your details

1. Please provide us with your name and contact details

Title:	
First Name:	
Last Name:	
Address:	
Daytime telephone:	
Evening telephone:	
Mobile telephone:	
Email address:	

We will only use the information you provide to us for the purposes of processing your complaint. Your information, including any personal information you provide to us (such as name and contact details) may be shared with the people referred to below, or with other relevant authorities as required, only for the purposes of processing your complaint.

All comments and complaints are treated confidentially and will not disadvantage you in any future dealings with Broads Authority. It may not always be possible to keep your details confidential, such as where your complaint is about a third party or where particular legislation applies to your complaint.

We will tell the following people about this complaint:

- The Member(s) you are complaining about
- The Monitoring Officer to the Authority
- The Authority's Independent Person
- The Chair of the Authority
- The Chief Executive of the Authority

If you have serious concerns about your name and details of your complaint being released, please complete **section 6** of this form.

2. Please tell us which complainant type best describes you:

- | | |
|--------------------------|---|
| <input type="checkbox"/> | Member of the public |
| <input type="checkbox"/> | An elected or co-opted Member of an authority |
| <input type="checkbox"/> | Member of Parliament |
| <input type="checkbox"/> | Local authority monitoring officer |
| <input type="checkbox"/> | Broads Authority employee or volunteer |
| <input type="checkbox"/> | Other (please provide details) |

Making your complaint

- 3.** Once you have submitted your complaint, it will be considered by the Monitoring Officer of the Authority and after reasonable consultation with the Authority's Independent Person, who will assess, on the basis of your written submission and any additional relevant material, whether the alleged conduct might amount to a failure to comply with the Members' Code of Conduct.

The Monitoring Officer has the following range of options available to him/her: Formal Investigation (which will involve an investigation of the complaint), referral to the Authority's Local Resolution Procedure or no further action, for instance if it is considered that any failure to comply with the Code of Conduct is of a trivial nature.

- 4.** Please provide us with the name of the Member(s) you believe have breached the Broads Authority Members' Code of Conduct and, where the Member is also a Councillor, the name of their authority.

Title	First Name	Last Name	Authority Name

5. Please explain in this section (or on separate sheets) what the Member has done that you believe breached the Members' Code of Conduct. If you are complaining about more than one Member you should clearly explain what each individual person has done that you believe breached the Code of Conduct.

A copy of the Authority's Members' Code of Conduct can be found on the Broads Authority website at <http://www.broads-authority.gov.uk/>

Alternatively, a paper copy can be obtained from the Monitoring Officer to the Authority by writing to:

David Harris, Monitoring Officer, Broads Authority, Yare House, 62-64 Thorpe Road, Norwich, Norfolk. NR11RY

- You should be specific, wherever possible; about exactly what you are alleging the Member said or did. For instance, instead of writing that the Member insulted you, you should state what it was they said.
- You should provide the dates of the alleged incidents wherever possible. If you cannot provide exact dates it is important to give a general timeframe.
- You should confirm whether there are any witnesses to the alleged conduct and provide their names and contact details if possible.
- You should provide any relevant background information.

Please provide us with the details of your complaint and the outcome from this complaints process that you would like to see happen. Continue on a separate sheet if there is not enough space on this form.

Do you wish your complaint to be dealt with under the Authority's Local Resolution Procedure?

Yes/No

If you answered No, please briefly explain your reason:

Only complete this next section if you are requesting that your identity is kept confidential.

6. In the interests of fairness and natural justice, we believe Members who are complained about have a right to know who has made the complaint. We also believe they have a right to be provided with a summary of the complaint. We are unlikely to withhold your identity or details of your complaint unless you have good reason to justify the Authority doing so.

Please note that requests for confidentiality or requests for suppression of complaint details will not automatically be granted. The Monitoring Officer to the Authority, in consultation with the Authority's Independent Person, will consider the request alongside the substance of your complaint. We will then contact you with the decision. If your request for confidentiality is not granted, we will usually allow you the option of withdrawing your complaint.

However, it is important to understand that in certain exceptional circumstances where the matter complained about is very serious, we can proceed with an investigation or other action and disclose your name even if you have expressly asked us not to.

Please provide us with details of why you believe we should withhold your name and/or the details of your complaint:

Additional Help

7. Complaints must be submitted in writing. This includes electronic submissions. However, in line with the requirements of equalities legislation, we can make reasonable adjustments to assist you if you have a disability that prevents you from making your complaint in writing.

If you need support in completing this form, please let us know as soon as possible.

This complaint should be submitted to the Monitoring Officer to the Authority, by sending to the following contact addresses:

By post to : David Harris, Monitoring Officer, Broads Authority, Yare House, 62-64 Thorpe Road, Norwich, Norfolk. NR11RY

Or by e-mail to: david.harris@broads-authority.gov.uk



Private and Confidential

Code of Conduct Complaint Monitoring Form

The Broads Authority is committed to the provision of equal opportunity and specifically to conducting its affairs in a manner which will not discriminate against, either directly or indirectly, any person on the grounds of: disability; gender; transgender; race; ethnic or national origin; religion or belief; age or sexual orientation.

To help us meet this commitment, it would be helpful if you would complete this form. This monitoring form will be separated from your complaint on receipt and will be used solely for the purposes of monitoring the process.

Section 1 (please tick the boxes which apply)		
My age is:	Under 21	<input type="checkbox"/>
	21-30	<input type="checkbox"/>
	31-40	<input type="checkbox"/>
	41-50	<input type="checkbox"/>
	51-60	<input type="checkbox"/>
	61-64	<input type="checkbox"/>
	65 or over	<input type="checkbox"/>
My gender is:	Female	<input type="checkbox"/>
	Male	<input type="checkbox"/>

Section 2 (please tick one box only)					
I would describe myself as:	White:	British	<input type="checkbox"/>		
		Irish	<input type="checkbox"/>		
		Any other	<input type="checkbox"/> please write in		
	Mixed:	White and Black Caribbean	<input type="checkbox"/>		
		White and Black African	<input type="checkbox"/>		
		White and Asian	<input type="checkbox"/>		
		Any other	<input type="checkbox"/> please write in		
		Asian or Asian	Indian	<input type="checkbox"/>	
				<input type="checkbox"/>	

British:	Pakistani Bangladeshi Any other	<input type="checkbox"/> <input type="checkbox"/> please write in
Black or Black British:	Caribbean African Any other	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> please write in
Chinese or other ethnic group:	Chinese Any other	<input type="checkbox"/> <input type="checkbox"/> please write in

Section 3		
Do you consider yourself to have a disability*?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Thank you for your co-operation. Please return this form with your complaint.

*The Equality Act 2010 defines disability as 'a physical or mental impairment which has a substantial and long-term adverse effect on a person's ability to carry out normal day-to-day activities'.

Criteria for consideration of a complaint by Monitoring Officer

In deciding whether to accept or reject a complaint of breach of the Code, or to refer it to the Local Resolution Procedure, the Monitoring Officer has a wide discretion. He or she will take into account the following criteria, where relevant.

- Public interest factors including the seriousness of the alleged breach, whether there has been any breach of trust, the extent of any harm caused and whether there has been any discrimination.
- Proportionality by balancing the seriousness of the allegation against the resources required to investigate the allegation
- Whether there are any aggravating factors or significant mitigating factors
- Whether a prompt acknowledgment and apology has been offered
- Whether the complaint is one of a pattern by or against a Member
- Whether the complaint appears to be malicious, frivolous or vexatious
- Whether the complaint suggests that there is a wider problem as affects the Authority
- Whether training or conciliation would be the appropriate response
- Whether either the complainant or subject Member has indicated a preference for Local Dispute resolution

Risk Analysis
Report by Chief Executive

Summary: This report updates Members on risk analysis and reporting.

Recommendations:

- (i) That the revised timescale for the review of the Strategic Risk Register set out in paragraph 2.1 is adopted.
- (ii) That a risk analysis is incorporated in future reports to the Broads Authority where a significant financial or reputational risk has been identified.
- (iii) That the risk analysis for the Authority's Strategic Priorities is noted.

1 Introduction

- 1.1 At its last meeting the Committee reviewed and updated the Strategic Risk Register having considered whether all risks had been identified. One of the missing items identified by Members was the risk posed by an outdated governance regime and it was suggested that the Code of Conduct for Members needed to be reviewed. Internal Audit examined the relevant documents and gave advice on specific areas to focus on. The task of reviewing the Code of Conduct has been given a high priority and the Authority's recently appointed Solicitor and Monitoring Officer has drafted a new document in line with the latest best practice and advice for the Committee to consider (see elsewhere on the agenda).
- 1.2 This report follows up on the issues of the timescale for the review of the Strategic Risk Register, consideration of risk analysis in reports and examines the risks associated with the Authority's strategic priorities.

2 Strategic Risk Register

- 2.1 At its last meeting the Committee looked at the need for a more regular review of the Authority's Strategic Risk Register. It is suggested that the following timescale be adopted, such that the Committee formally examines the risks twice a year.

Review Timescale

December:	Six monthly review of Strategic Risk Register by Risk Owners
January:	Formal review of Strategic Risk Register by Management Forum
February:	Review of the Strategic Risk Register by the FSAC
June:	Six monthly review of Strategic Risk Register by Risk Owners
July:	Formal review of Strategic Risk Register and Risk Management Policy by Management Forum
September:	Review of the Strategic Risk Register by the FSAC

3 Risk Analysis in Key Reports

- 3.1 In recent Broads Authority reports an analysis of risk has been included where it has been thought to be appropriate, for example: the High Level Review of Flood Risk Management for the Broads where there is the scope for considerable public concern; the update on the negotiations with Network Rail where there is also financial risk and the establishment of National Park Partnerships. It is proposed to continue this practice on reports where the author identifies significant reputational or financial risk.

4 Strategic Priorities – Risk Analysis

- 4.1 One of the items identified by Internal Audit was the identification of risks for the Authority's Strategic Priorities. This work has been completed and a copy of the analysis is attached for information.

Background papers: None

Author: John Packman

Date of report: 24 June 2016

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Strategic Priorities 2016/17 – Risk Analysis

Strategic Priorities – 2016/17 – Risk Analysis (P = Probability 1-3; S = Severity 1-3)

	Broads Plan Review	Broads Landscape Partnership Scheme	Hickling Broad Lake Restoration Project	Promoting the Broads	Stakeholder Action Plan	Integrated flood risk management and climate smart communities
Availability of Key Staff	2 (P1xS2) - Dependent on a few key staff	3 (P1xS3) - Very dependent on Project Manager	2 (P1xS2) – Dependent on a few staff	2 (P1xS2) – Dependent on Staff	1 (P1xS1) – Involves a wide number of staff	2 (P1xS2) – Dependent on key staff
Financial Management	1 (P1xS1) – Cost fully funded from Planning Delivery Grant	2 (P1xS2) – Stage 1 relatively modest financial exposure	2 (P1xS2) – Current activity of £60,000 in budget – bidding for external funding	1 (P1xS1) – Only allocated £5,000 to date. Largely about rebadging.	1 (P1xS1) – No budget and costs mainly staff time	1 (P1xS1) – Allocated £5,000 in the budget. No financial exposure beyond that.
Project Management	1 (P1xS1) – Published timetable and established process.	1 (P1xS1) – Process and timetable for Stage 1 set out by HLF	4 (P2xS2) – Complicated process but experienced staff	1 (P1xS1) – Dependent on JR and cooperation of partners	1 (P1xS1) – Tried and tested process for Parish Forums etc.	1 (P1xS1) – Environment Agency in the Lead for most contentious area.
Engagement with Partners	2 (P1xS2) – Established process for engagement – Broads Forum etc.	2 (P1xS2) – Excellent engagement so far but highly dependent on partners	4 (P2xS2) – Involvement with Upper Thurne Working Group working well to date.	2 (P2xS1) – Needs partners to come on board with the branding initiative.	2 (P1xS2) – Needs the buy in from communities and stakeholders	4 (P2xS2) – Contentious issue and needs engagement for it to really succeed
Legal Risks	2 (P1xS1) – Clear process	2 (P1xS1) – Using HLF processes	3 (P1xS3) – Involves complications such as Habitats Regs.	4 (P2xS2) – Depends on JR outcome	1 (P1xS1) - None	1 (P1xS1) - None
Reputational Risks	2 (P1xS2) – Dependent on Stakeholder engagement for success	2 (P1xS2) – While Stakeholders supportive little risk	3 (P1xS3) – Progress of the project closely scrutinised by stakeholders	4 (P2xS2) - Progress of the project closely scrutinised by stakeholders and involves Defra and National Parks	2 (P1xS2) – If engagement at Parish Forums failed then clearly would have some impact on reputation.	4 (P2xS2) – Our involvement in this high profile area poses some risks