

Audit and Risk Committee

Agenda 21 September 2021

10.00am Yare House, Thorpe Road, Norwich, NR1 1RY

John Packman – 13 September 2021

Introduction

- 1. To receive apologies for absence
- Appointment of Chair
 Nominations for Chair have been received for:
 Greg Munford, proposed by Bill Dickson, seconded by Matthew Bradbury
- Appointment of Vice-Chair Nominations for Vice Chair have been received for: Matthew Bradbury, proposed by Nicky Talbot, seconded by Gail Harris
- 4. Introduction of members and declarations of interest
- 5. To note whether any items have been proposed as matters of urgent business
- 6. Public question time to note whether any questions have been raised by members of the public
- 7. To receive and confirm the minutes of the Audit and Risk Committee meeting held on **20 July 2021** (Pages 3-9)

Financial direction

- 8. **External audit** (Page 10) Report by Chief Financial Officer
- 9. Audit plan addendum Value for Money Risk Assessment (Pages 11–17) Report by Chief Financial Officer
- 10. Annual audit results 2020/21 (Pages 18-76) Report by Chief Financial Officer
- 11. **Statement of Account 2020/21** (Pages 77- 166) Report by Chief Financial Officer

Risk Management

12. **Corporate Partnership Register - update** (Pages 167-181) Report by Head of Governance

Items for consent

Implementation of Internal Audit recommendations – summary of progress (Pages 182-191)
 Report by Chief Financial Officer

Other Matters

- Other items of business
 Items of business which the chairman decides should be considered as a matter of urgency pursuant to Section 1008 (4)(b) of the Local Government Act 1972
- 15. To answer any formal questions of which due notice has been given
- 16. To note the date of the next meeting Tuesday 8 February 2022 at 10.00am at Yare House, 62/64 Thorpe Road, Norwich



Audit and Risk Committee

Minutes of the meeting held on 20 July 2021

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Present

Nicky Talbot – in the Chair, Matthew Bradbury, Bill Dickson, Gail Harris, Greg Munford and Fran Whymark

In attendance

John Packman – Chief Executive, Emma Krelle – Chief Financial Officer, Maria Conti – Head of Governance (minute taker), Faye Haywood – Internal Audit Manager, Erika Voinic – Internal Audit Trainee, Mark Hodgson - Ernst & Young External Audit.

1. Apologies and welcome

The Chairman welcomed everyone to the meeting.

Apologies were received from Tristram Holborn and Simon Roberts.

Openness of Local Government Bodies Regulations 2014

The Chairman reported that the minutes remained the record of the meeting, but the meeting was also being recorded as a back-up. The Broads Authority retained the copyright. Anyone wanting a copy of the recording should contact the Governance Team. No one else indicated that they would be recording or filming the meeting.

2. Introductions and declarations of interest

Members introduced themselves. No member made any declarations of interest on items on this agenda.

3. Items of urgent business

There were no items of urgent business.

4. Public question time

No public questions had been received.

5. Minutes of last meeting

The minutes of the meeting held on 2 March 2021 were approved as a correct record and signed by the Chair.

In regard to the minutes of the meeting held on 17 November 2020, a correction to the penultimate paragraph in minute 8 (Annual Audit Results 2019/20) was confirmed as follows:

"In addition, members **agreed** suggested that the Chair of the Broads Authority should write to the Minister, Lord Gardner, indicating that the Authority's audit arrangements were not appropriate and should be tailored to its turnover and to the size and complexity of the organisation."

The Chief Executive confirmed that he had raised the issue with the Minister in a 1-to-1 meeting in March and followed it up with a briefing note at the Minister's request. Civil

servants were also in contact with the Ministry of Housing, Communities & Local Government (MHCLG) and the Public Sector Audit Appointments (PSAA). The Chief Executive added that the issue was unlikely to be a current priority for Defra, and suggested waiting for the detailed feedback from the Landscapes Review before pursuing it further. A member suggested that a joint letter from the Broads Authority and the National Park Authorities might be appropriate.

6. Code of Conduct and declaration of interests

The Chief Executive introduced the report on the external legal advice provided to the Authority on Disclosable Pecuniary Interests (DPI) in relation to the setting of navigation charges.

The Chair noted that all members had an opportunity to give their expertise and views on the setting of navigation charges at the tolls briefing, held before the matter went to the Navigation Committee for consideration and subsequently to the Broads Authority for decision. The Chief Executive added that, as the Navigation Committee was consultative rather than decision making, the Authority would take the Monitoring Officer's advice on whether it would be appropriate for the MO to grant any dispensation to allow members with a DPI to participate in this item at Navigation Committee meetings.

The report also presented a draft new Member Code of Conduct, based on the Local Government Association's Model Code of Councillor Conduct, together with a draft new Register of Interests form.

Members considered that the new Code gave clear and comprehensive guidance, focused on the Nolan Principles of ethics and conduct in public life.

The Committee noted the external legal advice on DPIs, and resolved unanimously to recommend that the Broads Authority adopts, subject to any further amendments agreed by the Authority, the new Member Code of Conduct for Authority members and the updated Register of Interests' form for members.

7. Internal Audit Annual Report and Opinion 2020/21

The Internal Auditor presented the Authority's Annual Report and Opinion for 2020/21, drawing upon the outcomes of Internal Audit work performed over the course of the year, and a conclusion on the Effectiveness of Internal Audit.

It was noted that, on the basis of Internal Audit work performed during 2020/21, the Head of Internal Audit had given a 'reasonable' opinion (positive) on the framework of governance, risk management and control at the Authority. The outcomes of the Effectiveness Review confirmed that Internal Audit was compliant with the Public Sector Internal Audit Standards, it continually monitors performance and looks for ways to improve, and be compliant with the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.

It was recognised that both the auditors and the Authority had been significantly impacted in 2020/21 by Covid-19. Members agreed that the outcome of the audits undertaken

throughout the year was satisfying as all four reviews had achieved a positive assurance grading.

The Committee approved the contents of the Annual Report and Opinion of the Head of Internal Audit.

8. Annual Governance Statement 2020/21 and Code of Corporate Governance 2021

The Chief Executive presented the draft Annual Governance Statement (AGS) and action plan, supported by the Code of Corporate Governance, published following the audit of the Authority's governance and internal control systems, including risk management.

The Chief Executive drew attention to Section 2 in the AGS, on external factors affecting the Authority's governance over the past year including Covid-19, Brexit and the Landscapes Review. Measures were currently being put in place to provide emergency cover for staff having to self-isolate due to Covid-19, to make sure key services were maintained. He had written to the lead civil servant on inland waterways, raising the Authority's concerns about the potential impact on public safety. With regard to the Landscapes Review, it was anticipated that the Government would launch a consultation in August, and the Authority would address this in the year ahead.

The Chair welcomed the weekly briefing recordings from Management Team and Section Heads that kept members, officers and volunteers updated on the Authority's operations. A member asked if officers were considering scenarios that might arise this winter, including a possible Covid variant and further lockdowns, which could impact on planning and budgets. The Chief Executive said the Management Team would continue to take a cautious approach. This included assessing future working arrangements, with combinations of onsite and home working. The Head of Construction, Maintenance and Ecology had restructured and reprioritised practical works over the past year to enable staff to keep working safely. It was too soon to assess what might happen to future income, particularly from tolls, but the Collector of Tolls was tracking toll income on a frequent basis. A member reinforced the need for an accommodation review if fewer staff would be coming into the office on a longer-term basis.

The Chief Executive commented that the Authority had to be extremely adaptable and quick to respond to opportunities. Increasingly, the turnaround time for new funding streams from Government were very tight, such as the recent release of the Nature for Climate Peatlands Discovery Grant, to which the Authority had to submit an initial bid by 1 September; as such, this was an urgent item on the agenda for the Authority's annual meeting. It was noted that, if members agreed to pursue this grant, it would impact on the Authority's strategic priorities.

A member commented that the AGS did not specify who the members were, their appointing bodies and other details. It was noted that this information was not normally part of an AGS, but was in the Annual Report.

The Committee resolved to recommend the Annual Governance Statement (AGS) 2020/21 to the Broads Authority for adoption and to note, subject to the implementation of improvements identified in the action plan, that the Authority's systems of governance and internal control are considered to be adequate and effective.

9. External Audit - Audit Plan

The Chief Financial Officer introduced the report on the provisional Audit Plan for the 2020/21 external audit, which identified significant risks, the audit approach to these risks and an overview of the scale fee chargeable.

The External Auditor took members through the report, which included an overview of the audit strategy, risks, value for money approach and risks, materiality and scope, timeline and fees. It was confirmed that the audit was being carried out from 19 July to 13 August.

The Chair expressed the Committee's ongoing anxiety about the scale of the fees, and its support for the Chief Executive and Chief Financial Officer in pursuing this matter. The CFO added that no budget provision had been made for the outstanding fees.

A member asked about the application of estimation techniques to calculate the year-end bad debt provision recorded in the balance sheet linked to the audit risk. The External Auditor replied that most local government bodies had historically provided a percentage to write off bad debts, linked to their age. The audit challenge this year, in light of the economic situation post-pandemic, was whether those historic percentage rates remained appropriate. The Chief Financial Officer added that the Authority presently had one low value outstanding debt.

It was noted that references in the audit plan to 'council' should be amended to 'authority'.

The Chair thanked the auditors for attending the meeting.

The Committee noted the provisional Audit Plan for the year ending 31 March 2021.

10. Draft Statement of Accounts 2020/21

The Chief Financial Officer (CFO) introduced the update report on the Authority's Statement of Accounts and its audit for the year ended 31 March 2021.

The CFO noted that there were no significant changes to the Statement compared to last year. The most significant year-end adjustment related to the Pension Scheme, and the Statement may change in the final version, with a new actuary report.

In response to a member's question about Pension Scheme liability, the CFO confirmed that the actuary makes an assumption on the year end position, and the actual figure could be higher or lower. The long-term trend was important, and there was a 20-year plan to bring the scheme back into a surplus position.

A member referred to the transfers to and from earmarked reserves, and asked how the £731k in the Property reserve related to the £150k reserve for Mooring Provision. The CFO replied that the Property reserve included asset management, Mutford Lock endowment and

dredging disposal, moorings maintenance and piling. The £150k for Mooring Provision was revenue budget, with an agreement that if not spent it would go into earmarked reserves, although this had not happened in recent years. Mooring Provision was prioritised over 20 years to spread liability. The Navigation Committee had received a detailed report on this earlier this year, which showed that moorings liability and set aside budget matched.

The Chair thanked the Finance team for their hard work in preparing the Statement.

The Committee noted the Draft Statement of Accounts 2020/21.

11. Financial Management Code

The Chief Financial Officer (CFO) introduced the report giving an overview of the Authority's assessment with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Financial Management Code, including improvements identified by Management Team.

Demonstrating compliance with the Code was a collective responsibility of members and Management Team (including the CFO), and Management Team's review highlighted that the Authority has a good level of compliance, while identifying some areas for improvement. The actions in Appendix 1 of the report would be monitored and reviewed on an annual basis.

It was noted that this was a self-assessment exercise, although the National Park Authorities and the Broads Authority were considering a peer assessment process. Members commented that the exercise must be proportionate, but it helped to show the public how thorough and transparent the Authority was in reviewing and assessing its finances.

The Committee noted the actions identified in the Financial Management Code report.

12. Investment Strategy and Performance Annual Report 2020/21

The Chief Financial Officer introduced the report setting out details of the Authority's investment of its unallocated cash, including the investment principles adopted and performance during the twelve months to 31 March 2021.

As interest rates were very low, the CFO reported that she would be looking at alternative investment opportunities, which might require a change of strategy, and she would report back to members at the next meeting.

The Committee noted the arrangements regarding the investment of the Authority's unallocated cash.

13. Implementation of Internal Audit recommendations – summary of progress

The Chief Financial Officer introduced the report summarising progress in implementing Internal Audit recommendations arising out of audits carried out during 2018/19, 2019/20 and 2020/21.

It was noted that all audits in 2020/21 had been completed and had received a 'reasonable' assurance. Key controls had received a 'substantial' assurance in previous years, but this was impacted in 2020/21 by short staffing in the Finance team and working from home measures in place due to Covid-19, resulting in some processes taking longer. A member congratulated the team for doing well under these circumstances.

The Committee noted the report.

14. Corporate Risk Register – 6-month review

The Chief Executive introduced the latest Corporate Risk Register, which was reviewed and updated as part of a biannual review cycle.

He highlighted the risk relating to the Covid-19 pandemic, which remained a high risk even with mitigating measures applied, and said the Register highlighted the importance of people as a critical resource. It was noted that the outcomes of the Landscapes Review may introduce new risks to the Register.

The Committee approved the Corporate Risk Register (update July 2021).

15. Other items of business

There were no items of urgent business for consideration pursuant to Section 100B (4) (b) of the Local Government Act 1972.

16. Formal questions

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

17. Date of next meeting

The next Audit and Risk Committee meeting would be on 21 September 2021 at Yare House, 62-64 Thorpe Road, Norwich, commencing at 10.00am.

The meeting ended at 15.46pm

Signed by

Chairman



Audit and Risk Committee

21 September 2021 Agenda item number 8

External audit

Report by Chief Financial Officer

Summary

This report updates Members on the discussions with EY regarding its fees for external audit.

Recommendation

Members are asked to note the position and provide advice to officers on what further action, if any, to take.

1. Latest Position

- 1.1. At the July meeting the Committee was advised that the external audit was scheduled to be carried out between 19 July until 13 August. Although we received the first queries on the Statement of Accounts in the week beginning 12 July this was confirmed as audit preparation. The initial stages of the audit were very quiet and while they worked through the large number of requests for information they had requested before the start of the audit. The audit is now almost complete, see agenda item number 9. Whilst this is good news it is extremely likely that EY have exceeded their allocated hours which suggests that we may be asked for further costs above what was in their plan in July.
- 1.2. As indicated in the audit results on page 33 (see item 10, appendix 1) EY are unable to quantify this amount at this stage.

Author: Emma Krelle

Date of report: 07 September 2021



Audit and Risk Committee

21 September 2021 Agenda item number 9

Audit plan addendum – Value for Money Risk Assessment

Report by Chief Financial Officer

Summary

This report appends the amended audit plan which provides the committee with an update on Ernst and Young's Value for Money (VFM) risk assessment.

Recommendation

That the addendum is noted.

1. Introduction

- 1.1. The provisional Audit Plan for the 2020/21 audit by Ernst and Young (EY) was considered by this committee on 20 July where it was highlighted that the VFM risk assessment would require completion. This has now been updated and can be found in appendix 1.
- 1.2. A representative from EY will be attending the meeting to introduce the addendum and answer any questions.

Author: Emma Krelle

Date of report: 10 September 2021

Appendix 1 – Audit Plan Addendum - VFM Risk Assessment - 7 September 2021

Broads Authority

Audit Plan Addendum - VFM Risk Assessment

Year ended 31 March 2021

7 September 2021

Building a better working world

7 September 2021



Audit and Risk Committee Broads Authority 62-64 Thorpe Road Norwich Norfolk NR1 1RY

Dear Audit and Risk Committee Members,

Audit Plan Addendum - VFM Risk Assessment

We are pleased to attach our Audit Plan Addendum - VFM Risk Assessment, ahead of the upcoming meeting of the Audit and Risk Committee.

The purpose of this report is to provide the Audit and Risk Committee with an update on our VFM Risk Assessment, which we flagged as requiring completion in our Provisional Audit Plan dated 23 June 2021.

The Governance and Audit Committee should note that there are no other changes to our planned audit approach and risk assessment that we set out in the Provisional Audit Plan dated 23 June 2021.

Yours faithfully

MARK HODGSON

Mark Hodgson For and on behalf of Ernst & Young LLP Enc



01 Value for Money Risks



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Value for money

Broads Authority's responsibilities for value for money

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Auditor responsibilities under the new Code

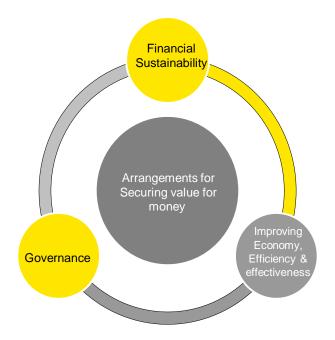
Under the 2020 Code we are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance

How the Authority ensures that it makes informed decisions and properly manages its risks; and

• Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.





🛿 🔂 Value for money risks

Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Authority's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Authority's arrangements, we are required to consider:

- The Authority's governance statement
- Evidence that the Authority's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes or could reasonably be expected to expose the Authority to significant financial loss or risk; ٠
- Leads to or could reasonably be expected to lead to significant impact on the guality or effectiveness of service or on the Authority's reputation;
- Leads to or could reasonably be expected to lead to unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Authority;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts:
- The impact of the weakness on the Authority's reported performance;
- Whether the issue has been identified by the Authority's own internal arrangements and what corrective action has been taken or planned; ٠
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State; ٠
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Authority has had to respond to the issue.

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Value for money risks

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the audit committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the 2020 Code has the same requirement as the 2015 Code, in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Authority's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Value for money (VFM) risk assessment

We have concluded our detailed VFM planning and risk assessment.

We have based our assessment on a combination of our cumulative audit knowledge and experience, our review of Committee reports and policies the Authority has in place, meetings with key officers, and the evaluation of associated documentation through our regular engagement with Authority management and the finance team.

As a result of this work, we have not identified any risks of significant weaknesses in the Authority's arrangements. As a result we have no risk based procedures to carry out. We will revisit the risk assessment prior to issuing the audit opinion on the 2020/21 accounts and at this stage anticipate having no matters to report on VFM.

We plan to issue the VFM commentary, as required under the new Code, in October 2021, within our Auditor's Annual Report.



Audit and Risk Committee

21 September 2021 Agenda item number 10

Annual audit results 2020/21

Report by Chief Financial Officer

Summary

This report appends the draft Annual Audit Results for 2020/21 prepared by the External Auditors, Ernst & Young LLP (EY).

Recommendation

- i. To note the Annual Audit Results 2020/21; and
- That the Letter of Representation in connection with the Audit of the Financial Statements for 2020/21 be signed by the Chief Financial Officer and the Chair of the Audit and Risk Committee.

1. Annual Audit Results 2020/21

- 1.1. The External Audit for the Broads Authority's 2020/21 Statement of Accounts was undertaken during July and September 2021 and the draft Audit Results by EY for 2020/21 is at Appendix 1 to this report.
- 1.2. The External Auditors will attend today's meeting to present this item and answer any questions.
- 1.3. Appendix 2 to this report is the draft Letter of Representation in connection with the Audit of the Financial Statements for 2020/21. It is presented for consideration and approval by the Committee in order to be signed and sent to the External Auditors.

Author: Emma Krelle

Date of report: 10 September 2021

Background papers: Statement of Accounts 2020/21

Appendix 1 – Audit Results Report - 10 September 2021

Appendix 2 – Letter of Representation 2020-21

Broads Authority Audit Results Report

Year ended 31 March 2021

10 September 2021







Audit and Risk Committee Broads Authority 62-64 Thorpe Road Norwich Norfolk NR1 1RY

Dear Audit and Risk Committee Members

2020/21 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Audit and Risk Committee.

The audit is designed to express an opinion on the 2020/21 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the Authority's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included our findings in respect of our work on the Authority's Value for Money arrangements.

This report is intended solely for the information and use of the Audit and Risk Committee, other members of the Authority and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on the 21 September 2021.

Yours faithfully

MARK HONGSON

Mark Hodgson Associate Partner For and on behalf of Ernst & Young LLP Encl 10 September 2021

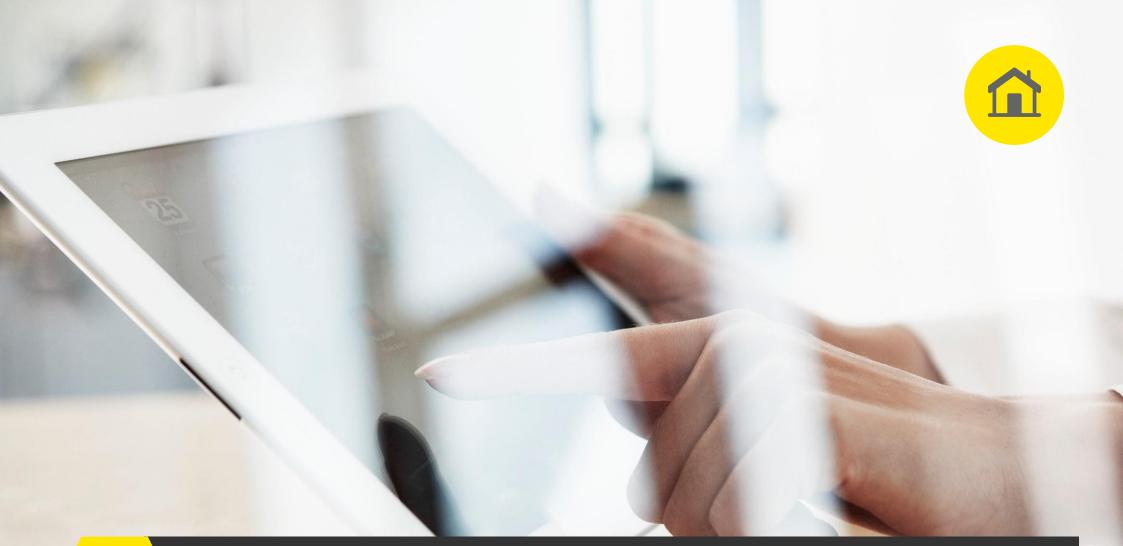
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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<u>https://www.psaa.co.uk/audit-guality/statement-of-responsibilities</u>/). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Risk Committee and management of Broads Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Risk Committee, and management of Broads Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Risk Committee and management of Broads Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.





Scope update

In our Provisional Audit Plan dated 23 June 2021, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Changes in materiality: In our Provisional Audit Plan, we communicated that our audit procedures would be performed using a materiality of £0.185 million. We updated our planning materiality assessment using the draft results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure, we have updated our overall materiality assessment to £0.168 million. This results in updated performance materiality, at 75% of overall materiality, of £0.126 million, and an updated threshold for reporting misstatements of £0.08 million.

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Amendment) Regulations 2021 No 263, have been published and came into force on 31 March 2021. This announced a change to publication date for final, approved financial statements from 31 July to 30 September 2021 for all relevant authorities.

Additional audit procedures as a result of Covid-19

Other changes in the entity and regulatory environment as a result of Covid-19 that have not resulted in an additional risk, but result in the following impacts on our audit strategy were as follows:

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Authority's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agreed IPE to scanned documents or other system screenshots.



Status of the audit

Our audit work in respect of the Authority opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Pension Liability valuation (IAS19) procedures; and
- Other income and expenditure testing.

Closing Procedures:

- Subsequent events review; ►
- Agreement of the final set of financial statements; ►
- Receipt of signed management representation letter; and ►
- Final Manager and Engagement Partner reviews. ►

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix B.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Narrative Report and Accounts which could influence our final audit opinion, a current draft of which is included in Section 3.



Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority has in place to secure value for money through economic. efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance How the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

Status of the audit - Value for Money

In the Audit Plan Addendum dated 7 September 2021, we reported that we had completed our Value for Money (VFM) risk assessment and had not identified any risk of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code. We have revisited our assessment on completion of the audit of the financial statements and remain satisfied that we have not identified a risk of significant weakness.

As a result, we have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03).

We plan to issue the VFM commentary by the end of October 2021 as part of issuing the Auditor's Annual Report. Our provisional wording for the VFM Commentary is included at Appendix E of this report.

Audit differences

Uncorrected differences

One audit difference was identified in our debtors sample testing, relating to the valuation of grant funding from the Heritage Lottery Fund, which management have not corrected. The receivable was overstated by £0.012 million.

Corrected differences

Management have corrected misstatements amounting to £0.301 million in relation to an increase in the return on the Pension Fund's assets, as a result of a requesting a revised IAS 19 report from the Pension Fund Actuary. This is a result of a timing difference reported through the audit of Norfolk Pension Fund. Other immaterial corrected differences have been included in Section 4 of this report.

Following discussions with Management and a review of Management's assessment an additional disclosure note (Note 36) in relation to Going Concern has been included within the revised financial statements. We also identified a limited number of other minor audit disclosure differences in the financial statements, which have been adjustment by Management.



Areas of audit focus

In our Provisional Audit Plan we identified a number of key areas of focus for our audit of the financial report of Broads Authority. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

Management Override: Misstatements due to fraud or error

• We have completed our testing and found no indication of management override of controls.

Management Override: Inappropriate capitalisation of revenue expenditure

• We have completed our work in this area and have no matters to report.

Inherent Risk: Valuation of Property, Plant, and Equipment

• We have completed our work in this area and have identified a number of matters to report.

Inherent Risk: Pensions valuations and disclosures

- We are currently concluding our procedures in this area. See section 4 of this report for further details.
- We were informed by the Pension Fund auditor that Investment Valuations within the Pension Fund were understated. On receipt of an updated IAS 19 report from the Actuary, we determined that the Authority's Pension Fund Liability was overstated by £0.301 million.

Inherent Risk: Recoverability of Debtors

• We have completed our work in this area. One difference has been identified in the valuation of a debtor in respect of grant funding from the Heritage Lottery Fund, however this was not linked to a recoverability issue.

Area of Focus: Going Concern Assessment and Disclosure

We have completed our work in this area. Management have included an additional disclosure note (Note 36) within the revised financial statements. We have ٠ reviewed both this note and Management's assessment and have gained sufficient assurance.

We request that you review these and other matters set out in this report to ensure:

- There are no residual further considerations or matters that could impact these issues ►
- You concur with the resolution of the issue ►
- There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Risk Committee or Management.



Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as at the date of this report the NAO have not issued their guidance to auditors. However, as we do expect, based on prior year guidance that the Authority would fall below the testing threshold set by the NAO for detailed procedures on the consolidation return (Threshold - £500 million). We do not expect therefore to have any issues to report.

Under the Accounts and Audit Regulations (2015 as amended), the Authority are required to publish the notice for the inspection period, alongside the publication of the draft financial statements, with the inspection period commencing the day after the publication date. The Authority did not meet this requirement. The Authority published the draft financial statements on the 17 June 2021. The Authority commenced the inspection period from 12 July 2021.

Recommendation: We therefore recommend that the Accounts and Audit Regulations are understood and fully complied with in future accounting periods.

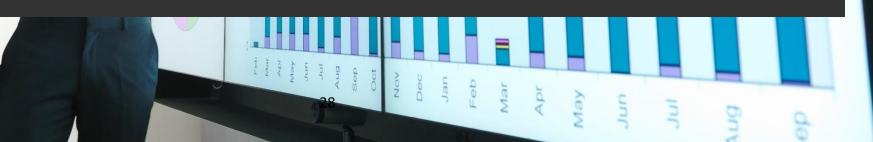
Control observations

During the audit, we did not identify any significant deficiencies in internal control.

Independence

Please refer to Section 7 for our update on Independence.

O2 Areas of Audit Focus



Significant risk

Misstatements due to fraud	What is the risk?	
or error	The financial statements as a whole are not free of material misstatements whether caused by fraud or error.	
	As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.	
	One area susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Authority's capital programme. The specific procedures undertaken to address this are set out on the next page. This page details standard procedures we undertake to respond to the risk of fraud and error on every engagement.	

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- Identified fraud risks during the planning stages.
- Inquired of management about risks of fraud and the controls put in place to address those risks.
- Documented our understanding the oversight given by those charged with governance of management's processes over fraud.
- Considered the effectiveness of management's controls designed to address the risk of fraud.
- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- Reviewed the accounting estimates for evidence of management bias.
- Evaluated the business rationale for significant unusual transactions

ISA 240 mandates we perform procedures on: accounting estimates, significant unusual transactions and journal entries to ensure they are appropriate and in line with expectations of the business.

What are our conclusions?

We have not identified any material weakness in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied, or of any management bias in accounting estimates.

We have not identified any inappropriate journal entries or other adjustments to the financial statements.



Significant risk

Incorrect capitalisation of revenue expenditure

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund. In arriving at this conclusion we have considered the continuing pressure on the revenue budget and the financial value of its annual capital programme which is many times out materiality level.

This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ► Obtained an analysis of capital additions in the year, reconciled it to the Fixed Assets Register (FAR), and reviewed the descriptions to identify whether there are any potential items that could be revenue in nature
- Sample tested additions to Property, Plant and Equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised. There were no Investment Property additions.
- Used our data analytics tool to identify and test journal entries that move expenditure from revenue codes into capital codes.

What are our conclusions?

Our sample testing of additions to Property, Plant and Equipment found that they had been correctly classified as capital and included at the correct value.

Our sample testing did not identify any revenue items that were incorrectly classified.

Our data analytics procedures did not identify any journal entries that incorrectly moved expenditure into capital codes.

Inherent risk

Valuation of Property, Plant and Equipment

What is the risk?

The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Authority's accounts (£4.706 million at 31 March 2021).

These balances are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet.

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- Considered the work performed by the Authority's valuer (NPS), including the adequacy of the scope of the work performed, their professional capabilities and the
 results of their work;
- Sample tested key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE, and that any changes were communicated to the valuer
- Reviewed assets not subject to valuation in 2020/21 to confirm that the remaining asset base was not materially misstated;
- Considered changes to useful economic lives as a result of the most recent valuation; and
- Tested accounting entries have been correctly processed in the financial statements.

What are our conclusions?

We have concluded our work in this area and have identified the following issues:

- The Authority had not updated the valuation of a Boathouse asset, this asset was therefore understated within the accounts by £0.043 million.
- The valuer had not provided the latest valuation for one mooring site, this asset had therefore been overstated within the accounts by £0.014 million
- Valuation movements had been incorrectly split between the Comprehensive Income & Expenditure Statement and the Revaluation Reserve. The Revaluation Reserve was therefore understated by £0.027 million.
- Management have updated the financial statements in relation to these matters.



Inherent risk

Pension valuations and	What is the risk?
disclosures - Inherent Risk	The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body
	The Authority's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Authority's Balance Sheet.
	Accounting for this scheme involves significant estimation and judgement. The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the administering body.
	ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- Liaised with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Broads Authority; ►
- Assessed the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used, by relying on the work of PWC Consulting Actuaries ► commissioned by the National Audit Office for all local government sector auditors, and by considering any relevant reviews by the EY actuarial team; and
- Reviewed and tested the accounting entries and disclosures made within the financial statements in relation to IAS19, considering Fund assets and the Authority's liability.

What are our conclusions?

We have reviewed the assessment of the Pension Fund actuary by PwC and EY Pensions and have undertaken the work required without identifying any issues.

We were informed by the Pension Fund auditor that Investment Valuations within the Pension Fund were understated. On receipt of an updated IAS 19 report from the Actuary, we determined that the Authority's Pension Fund Liability was overstated by £0.301 million. Management have adjusted for this audit difference. See Section 4 for further information.

We have agreed the Authority's IAS 19 disclosures to the revised actuaries' report to ensure these are fairly stated in the accounts. The disclosures in the accounts have been amended to reflect the most recent valuation of the Pension Fund's assets as per the updated IAS 19 report from the actuaries.

At the time of writing this report we are still awaiting the final assurance report from the Norfolk Pension Fund auditor. (Continued over the page).



Other Areas of Audit Focus - continued

Pensions valuations and disclosures - Inherent risk

What are our conclusions?

We have been notified of an issue has arisen across all Local Government audits within the sector that needs to be resolved prior to us being able to fully conclude our work in this area.

This is in relation to the impact of the new auditing standard on accounting estimates on planned procedures. We planned to take an audit approach to this estimate based on procedures to evaluate Management's process. The new auditing standard requires auditors to test the method of measurement of accounting estimates to determine whether the model is appropriately designed, consistently applied and mathematically accurate, and that the integrity of the assumptions and the data has been maintained in applying the model.

Neither we, nor PWC as Consulting Actuaries commissioned by the NAO for all local government sector audits, are able to access the detailed models of the actuaries in order to evidence these requirements.

Therefore, we have been required to modify our planned approach and undertake alternate procedures to create an Auditor's estimate, in order to gain sufficient appropriate assurance. The impact of this additional procedure may impact on our timeline for issuing the audit opinion. We will provide the Committee with a verbal update on progress at the 21 September 2021 meeting.

Inherent risk

Recoverability of Debtors -Inherent Risk

What is the risk?

As a result of the impact of Covid-19, there may be increased uncertainty around the recoverability of receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Authority to revisit their provision for bad debt calculation in light of Covid-19 and assess the appropriateness of this estimation technique.

Given that there might be some subjectivity to the recoverability of debtors the Authority will need to consider the level of any provision for bad debts. We have therefore raised as an inherent risk in our audit strategy.

What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ► Confirmed with the Authority that no bad debt provision is held;
- Considered the reasonableness of nil bad debt provision to the breakdown of trade receivable balances;
- Performed a review of the debtors balances and assessed for likelihood of recoverability: and ►
- Considered the recoverability of debts in testing a sample of trade receivables. ►

What are our conclusions?

Our sample testing of debtors did not identify any balances that were deemed irrecoverable.

Our assessment of the Authority's conclusion that no bad debt provision was required did not identify any issues with the recoverability of debtors.

One error was identified in our debtors sample testing, relating to the valuation of grant funding from the Heritage Lottery Fund. The receivable was overstated by £0.012 million. Management have decided not to adjust for this audit difference. This is a valuation issue for the receivable only and was unrelated to the recoverability of the debtor balance.



Going concern

Management have prepared the financial statements on a going concern basis. Based on our discussions with management to date, the going concern conclusion has been informed by the reserves position of the Authority at 31st March 2021 and the forecast reserves position during the going concern period. It is also informed by cash flow forecasting during the going concern period.

We will focus on management's assessment of the going concern assumption in preparing the Authority's financial statements. We will also review management's cash flow forecasts to determine whether expected income appeared reasonable and whether it was sufficient to enable the Authority continue its operations.

Our procedures around Going Concern covered:

- Reviewing for any bias in the Authority's Going Concern assessment, and whether it was consistent with the accounts.
- Reviewing the financial modelling and forecasts prepared by the Authority.
- Considering key assumptions applied in the Authority's forecasts, and whether these were reasonable and in line with our expectations.
- Ensuring that an appropriate Going Concern disclosure has been made within the financial statements.

Based on our procedures performed to date, we have not identified any events or conditions in the course of our audit that would cast significant doubt on the entity's ability to continue as going concern. Management have included an additional disclosure note (Note 36) in respect of their assessment and key factors pertaining to going concern.







Audit Report

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Our proposed opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BROADS AUTHORITY

Opinion

We have audited the financial statements of the Broads Authority for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement
- Expenditure and Funding Analysis,
- the related notes 1 to 36.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Broads Authority as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.



DRAFT

Our proposed opinion on the financial statements

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the 'Statement of Accounts 2020/21', other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the 'Statement of Accounts 2020/21'.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014;
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.



DRAFT

Our proposed opinion on the financial statements

Responsibility of the Chief Financial Officer

As explained more fully in the "Statement of Responsibilities for the Statement of Accounts" set out on page 12, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the authority and determined that the most significant are:

- Local Government Act 1972,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- The Broads Authority Act 2009,
- The Local Audit and Accountability Act 2014, and
- The Accounts and Audit Regulations 2015.



Our proposed opinion on the financial statements

In addition, the authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment legislation, tax legislation, general power of competence, procurement and health & safety.

We understood how the Broads Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the Head of Internal Audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the authority's committee minutes, Authority policies and procedures and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested the appropriateness of the journal and that it was accounted for appropriately. We assessed accounting estimates for evidence of management bias and evaluated the business rationale for significant unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General (C&AG) in April 2021, as to whether the Broads Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Broads Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Broads Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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Audit Report - continued

Our proposed opinion on the financial statements

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of the Broads Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

(Or depending on timing)

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Use of our report

This report is made solely to the members of the Broads Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

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04 Audit Differences

Mon, October 05, 02:58 Hong Kong

Canberra

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In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as "known" or "judgemental". Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of unadjusted differences

There is one uncorrected material misstatements identified as part of our audit at the time of this report.

 Current Debtors - £0.012 million. We identified one item within our debtors sample testing, relating to the valuation of grant funding from the Heritage Lottery Fund. Where the receivable was overstated by £0.012 million. Management have decided not to adjust for this audit difference.

We request that this uncorrected misstatements be corrected, or a rationale as to why it is not corrected, be considered and approved by the Audit Committee and provided within the Letter of Representation.

Summary of adjusted differences

We highlight the following misstatements greater than £8,410 which have been corrected by management that were identified during the course of our audit.

- Pension Liability £0.301 million reduction to the Authority's Liability. We were informed by the Pension Fund auditor that Investment Valuations within the Pension Fund were understated. On receipt of an updated IAS 19 report from the Actuary, we determined that the Authority's Pension Fund Liability was overstated by £0.301 million.
- Debtors £0.012 million in relation to overstated receivable amount from the Heritage Lottery Fund in respect of grant funding.
- Property, Plant & Equipment £0.043 million in relation to asset valuations which had not been correctly updated through the Fixed Asset register.
- Property, Plant & Equipment £0.014 million in relation to asset valuations which had not been updated correctly by the valuer.
- Revaluation Reserve £0.027 million in relation to valuation movements that had incorrectly increased the Revaluation Reserve instead of reversing historic impairment losses within the Comprehensive Income & Expenditure Statement.
- Provisions £0.041 million in respect of notified additional audit fees which are with PSAA Ltd for determination.
- Going Concern An additional disclosure note (Note 36) in relation to Going Concern has been included within the revised financial statements.

Disclosure Issues

A limited number of other disclosure and presentational items have been highlights to management and have been amended within the revised financial statements. This includes the inclusion of an additional disclosure note (Note 36) for Going Concern. We do not deem any of the other amendments to merit inclusion in this report.



05 Value for Money

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Value for money

The Authority's responsibilities for value for money (VFM)

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the CIPFA Code of Practice on Local Authority Accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment

We issued an Audit Plan Addendum dated 7 September 2021 which confirmed we had concluded our detailed VFM planning and risk assessment and that we had not identify any significant weaknesses in the Authority's arrangements.

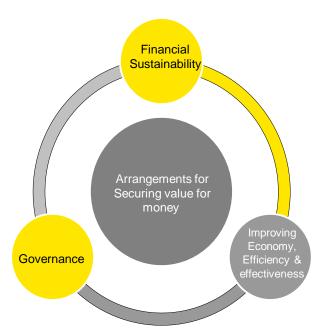
We have now revisited our procedures during the completion of our audit of the financial statements, and confirm that we have not identified any risks of significant weaknesses against the three reporting criteria we are required to consider under the NAO's 2020 Code.

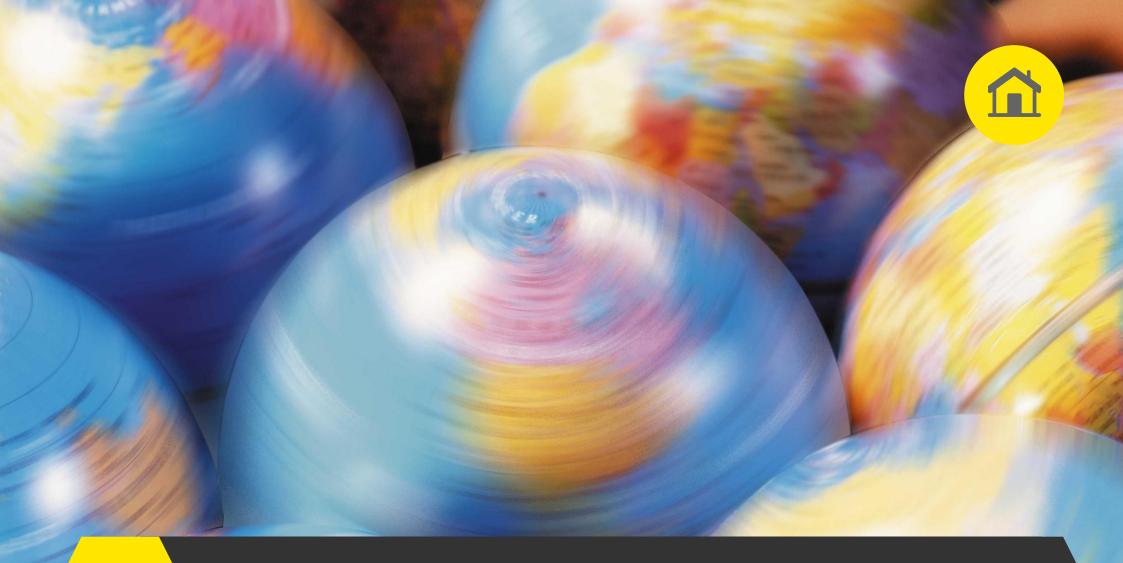
Status of our VFM work

We have completed our planned VFM procedures and have no matters to report 'by exception' in our Auditor's Report (See Section 3).

We set out our provisional commentary on the Authority's VFM arrangements in Appendix E to this report.

We will formally issue this commentary within our Auditor's Annual Report, which we plan to issue by the end of October 2021.





06 Other reporting issues

Cher reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Narrative Report with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Narrative Report and published with the financial statements was consistent with the audited financial statements, subject to our outstanding audit procedures.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as at the date of this report the NAO have not issued their guidance to auditors. However, as we do expect, based on prior year guidance, that the Authority would fall below the testing threshold set by the NAO for detailed procedures on the consolidation return (Threshold - £500 million). We do not expect therefore to have any issues to report.



Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We did not identify any issues which required us to issue a report in the public interest.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- ► Going concern; and
- Consideration of laws and regulations,

We have reported in respect of going concern earlier in this report on page 16.

Account & Audit Regulations

Under the Accounts and Audit Regulations (2015 as amended), the Authority are required to publish the notice for the inspection period, alongside the publication of the draft financial statements, with the inspection period commencing the day after the publication date. The Authority did not meet this requirement. The Authority published the draft financial statements on the 17 June 2021. The Authority commenced the inspection period from 12 July 2021.

Recommendation: We therefore recommend that the Accounts and Audit Regulations are understood and fully complied with in future accounting periods.

We have no other matters to report.





Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority, and its members and senior management and its affiliates, including all services provided by us and our network to the Authority, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1st April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are in the next page. Further detail of all fees has been provided to the Governance and Audit Committee.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We confirm that we have not undertaken any additional non-audit work.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

EY UK Transparency Report 2020 | EY UK

🕸 Independence

Relationships, services and related threats and safeguards

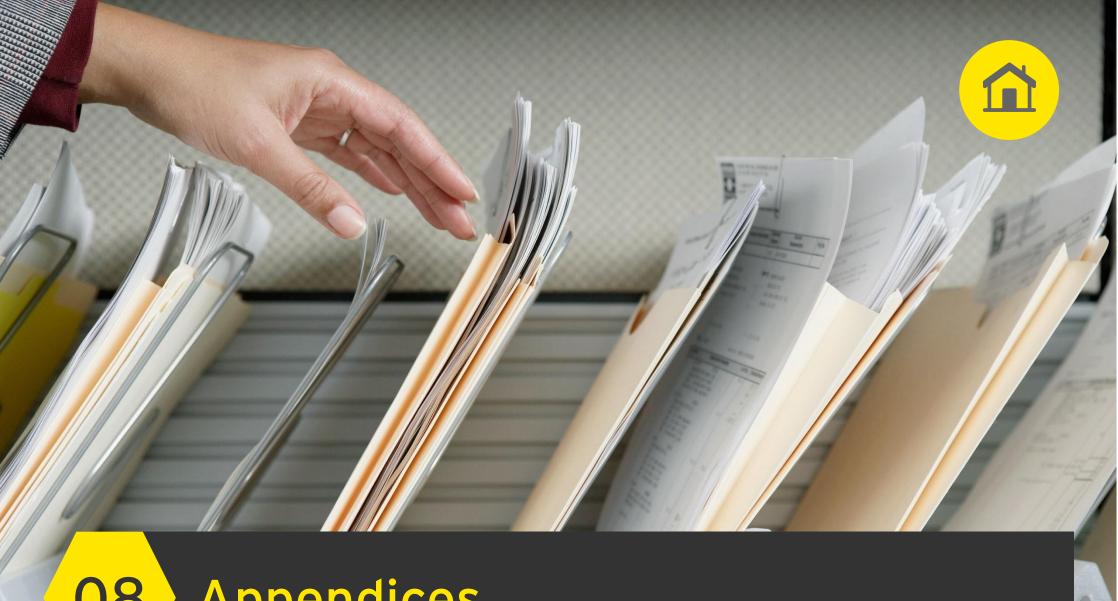
Services provided by Ernst & Young			
	Planned fee 2020/21	Scale fee 2020/21	Final Fee 2019/20
	£'s	£'s	£'s
Total Fee - Code work	10,736	10,736	10,736
Changes in work required to address professional and regulatory requirements and scope associated with risk (see Note 1)	33,963		33,963
Revised Proposed Scale Fee	44,699	10,736	59,140
Additional work:			
2019/20 Additional Procedures required and as reported within the Annual Audit Letter (Note 2)	-	-	6,588
 2020/21 Additional Procedures required in response to the additional risks identified in this Audit Plan in respect of: Accounting for PPE Valuations, Recoverability of Receivables, Going Concern. 	Note 3	-	
Total fees	ТВС	34,293	67,060

All fees exclude VAT

<u>Note 1</u> - For 2019/20 we have proposed an increase to the scale fee to reflect the increased level of audit work required which has been impacted by a range of factors, as detailed in our 2019/20 Audit Results Report. Our proposed increase has been discussed with management and is with PSAA for determination. For 2020/21 the scale fee has again been re-assessed to take into account the same recurring risk factors as in 2019/20 and is subject to approval by PSAA Ltd.

Note 2 - The 2019/20 Additional Procedures fee was reported in our Annual Audit Letter. The fee has been discussed with Management and is subject to formal approval by PSAA Ltd.

<u>Note 3</u> - As set out in this report, we have had to perform additional audit procedures to respond to the financial reporting an associated audit risks pertaining to Covid-19. As we are concluding our work in relation to these areas and the audit overall, we cannot quantify the fee impact at this time. We will provide an update on the additional fee implications at the conclusion of the audit and report this within the Annual Auditors report.



Appendices

🖹 Appendix A

Required communications with the Audit and Risk Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	📺 💎 When and where
Terms of engagement	Confirmation by the Audit and Risk Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Provisional Audit Plan - 23 June 2021
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Provisional Audit Plan - 23 June 2021
Significant findings from the audit	 Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures Significant difficulties, if any, encountered during the audit Significant matters, if any, arising from the audit that were discussed with management Written representations that we are seeking Expected modifications to the audit report Other matters if any, significant to the oversight of the financial reporting process 	Provisional Audit Plan - 23 June 2021



		Our Reporting to you
Required communications	What is reported?	🛗 💎 When and where
Going concern	 Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: Whether the events or conditions constitute a material uncertainty related to going concern Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements The appropriateness of related disclosures in the financial statements 	Audit Results Report - 10 September 2021 - Audit & Risk Committee
Misstatements	 Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation The effect of uncorrected misstatements related to prior periods A request that any uncorrected misstatement be corrected Material misstatements corrected by management 	Audit Results Report - 10 September 2021 - Audit & Risk Committee
Subsequent events	 Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit Results Report - 10 September 2021 - Audit & Risk Committee



		Our Reporting to you
Required communications	What is reported?	📅 💎 When and where
Fraud	 Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity Any fraud that we have identified or information we have obtained that indicates that a fraud may exist Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected Any other matters related to fraud, relevant to the Audit and Risk Committee responsibility. 	Audit Results Report - 10 September 2021 - Audit & Risk Committee
Related parties	 Significant matters arising during the audit in connection with the entity's related parties including, when applicable: Non-disclosure by management Inappropriate authorisation and approval of transactions Disagreement over disclosures Non-compliance with laws and regulations Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - 10 September 2021 - Audit & Risk Committee
Independence	 Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: The principal threats Safeguards adopted and their effectiveness An overall assessment of threats and safeguards Information about the general policies and process within the firm to maintain objectivity and independence 	Provisional Audit Plan - 23 June 2021 Audit Results Report - 10 September 2021 - Audit & Risk Committee

Appendix A

		Our Reporting to you
Required communications	What is reported?	🗰 የ When and where
	 Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place. For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019: Relationships between EY, the company and senior management, its affiliates and its connected parties Services provided by EY that may reasonably bear on the auditors' objectivity and independence Related safeguards Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	 Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report - 10 September 2021 - Audit & Risk Committee
Consideration of laws and regulations	 Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit Results Report - 10 September 2021 - Audit & Risk Committee



		Our Reporting to you
Required communications	What is reported?	📅 💡 When and where
Significant deficiencies in internal controls identified during the audit	 Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - 10 September 2021 - Audit & Risk Committee
Group Audits	 An overview of the type of work to be performed on the financial information of the components An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Provisional Audit Plan - 23 June 2021 Audit Results Report - 10 September 2021 - Audit & Risk Committee
Written representations we are requesting from management and/or those charged with governance	 Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - 10 September 2021 - Audit & Risk Committee
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	 Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - 10 September 2021 - Audit & Risk Committee
Auditors report	 Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - 10 September 2021 - Audit & Risk Committee

🕒 Appendix B

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Pensions valuation	Receipt of IAS 19 response from the Pension Fund auditor and additional procedures	EY
Other Income & Expenditure testing	Conclude our testing and documentation in this area	EY and management
Whole of Government Accounts procedures	NAO instructions to be received and reviewed, procedures performed and reported in accordance with the instructions	EY
Receipt of management representation letter	Management to prepare and provide us with their representation letter for the 2020/21 audit	Management
Subsequent events procedures	Extension of audit procedures including review of minutes and testing for unrecorded liabilities and provisions up to the date of our auditor's report	EY and management
Checks to the final amended set of accounts	EY to receive final set of accounts with all audit adjustments, and review it for consistency with our schedule of misstatements	EY and management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that key disclosures on going concern remain to be finalised and audited. A draft of the current opinion (with outstanding areas highlighted) is included in Section 4.

Request for a Management Representation Letter

One Cambridge Business Park	Tel: + 44 1223 304400 sy com	EY Building a better working world
Emma Krelle Chief Finance Officer Broads Authority 62-64 Thorpe Road Norwich Norfolk NR1 1RY	10 September 2021 Ref: Your ref: Direct line: 01223 394547 Email: MHodgson@uk.ey.com	You understand that the purpose of our audit of your financial statements is to express an opinion thereon and that our audit is conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent we considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist. Accordingly, you make the following representations, which are true to the best of your knowledge and belief, having made such inquiries as you considered necessary for the purpose of appropriately informing ourselves:
D		A. Financial Statements and Financial Records
Dear Emma, Broads Authority – 2020/21 financial year Request for a letter of representation		 That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Authority the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPRA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
 250). I have interpreted this guidance as it affe points to apply: auditors may wish to obtain written representations in respect of judgeme claim), which may not be readily corro auditors are likely to request written reprovided; auditors may wish to obtain written reprovided; the letter is dated on the date on which the letter is signed by the person or personal signal by the person or personal by the personal by th	ible non-compliance with laws and regulations (ISA (UK81) cts Local Government bodies and I expect the following presentation where they are relying on management's ntal matters (for example the level of likely incidence of a borated by other evidence; presentations on the completeness of information oresentation on issues other than those directly related to n the auditor signs the opinion and certificate; rsons with specific responsibility for the financial having been discussed and approved by the Audit and h governance of the Authority.	 That you acknowledge as members of management of the Authority, your responsibility for the fair presentation of the Authority's financial statements. You believe the Authority financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and are free of material misstatements, including omissions. You have approved the Authority financial statements. That the significant accounting policies adopted in the preparation of the Authority financial statements. That the significant accounting policies adopted in the preparation of the Authority financial statements. As members of management of the Authority, you believe that the Authority has a system of interna controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, that are free form material misstatement, whether due to far or error. You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on our system of internal controls. That you believe that the effects of the unadjusted audit difference, summarised in the our Audit Results Report, accumulated by you during the current audit and pertaining to the last period presented are immaterial, both individually and in the aggregate, to the Authority's financial statements in accurate financial statements in accounting.
General statement	-	That you have not corrected these differences identified and brought to your attention by us
Broads Authority ("the Authority") for the year of That you recognise that obtaining representati letter is a significant procedure in enabling us give a true and fair view of the financial positio	ons from you concerning the information contained in this o form an opinion as to whether the financial statements n of the Authority as of 31 March 2021 and of its income ordance with CIPFA LASAAC Code of Practice on Local	 That you acknowledge that you are responsible for the design, implementation and molecular brought of your attention by the design of the design in the design of the design in the design of the design in the design of the design interval attention and maintenance of interval controls to prevent and detect fraud.

Request for a Management Representation Letter 3 4 Building a bett Building a bett 4. You have no knowledge of any identified or suspected non-compliance with laws and regulations, 6. That you have disclosed to us, and the Authority has complied with, all aspects of contractual including fraud that may have affected the Authority (regardless of the source or form and including agreements that could have a material effect on the Authority's financial statements in the event of without limitation, any allegations by "whistleblowers") including non-compliance matters: non-compliance, including all covenants, conditions or other requirements of all outstanding debt. involving financial statements 7. That from the date of your last management representation letter to us, through the date of this letter, you have disclosed to us any unauthorized access to your information technology systems · related to laws and regulations that have a direct effect on the determination of material amounts that either occurred or to the best of your knowledge is reasonably likely to have occurred based on and disclosures in the Authority's financial statements; your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized · related to laws and regulations that have an indirect effect on amounts and disclosures in the access to your information technology systems is reasonably likely to have a material impact to the financial statements, but compliance with which may be fundamental to the operations of the financial statements, in each case or in the aggregate. Authority's activities, its ability to continue to operate, or to avoid material penalties; · involving management, or employees who have significant roles in internal controls, or others; or D. Liabilities and Contingencies · in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and All liabilities and contingencies, including those associated with guarantees, whether written or oral, 1. regulations communicated by employees, former employees, analysts, regulators or others. have been disclosed to us and are appropriately reflected in the Authority's financial statements. 2. That you have informed us of all outstanding and possible litigation and claims, whether or not they C. Information Provided and Completeness of Information and Transactions have been discussed with legal counsel You have provided us with: 3. That you have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the Authority's financial statements (please Access to all information of which we are aware that is relevant to the preparation of the financial specify the Notes) all guarantees that you have given to third parties. statements such as records, documentation and other matters as agreed in terms of the audit engagement E. Subsequent Events Additional information that we have requested from us for the purpose of the audit; and 1. That other than the disclosure described in Note X (insert Note) to the Authority's financial statements, there have been no events, including events related to the COVID-19 pandemic Unrestricted access to persons within the entity from whom we determined it necessary to obtain subsequent to period end which require adjustment of or disclosure in the financial statements or audit evidence. notes thereto 2. That all material transactions have been recorded in the accounting records and are reflected in the F. Other information Authority financial statements, including those related to the COVID-19 pandemic. 1. You acknowledge your responsibility for the preparation of the other information. The other information 3. That you have made available to us all minutes of the meetings of the Authority and its relevant comprises the Narrative Report included in the Statement of Accounts 2020-21 committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 21 September 2. You confirm that the content contained within the other information is consistent with the financial 2021 statements 4. That you confirm the completeness of information provided regarding the identification of related G. Accounting Estimates parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers 1. That you believe that the significant assumptions you used in making accounting estimates, including of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions those measured at fair value, are reasonable and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and 2. In respect of accounting estimates recognised or disclosed in the financial statements: disclosed in the Authority's financial statements. · That you believe the measurement processes, including related assumptions and models, you 5. That you believe that the significant assumptions you used in making accounting estimates, used in determining accounting estimates is appropriate and the application of these processes including those measured at fair value, are reasonable. is consistent

Request for a Management Representation Letter

EY ₅	EY
Building a better working world	Building a better working world
That the disclosures relating to accounting estimates are complete and appropriate in coundrate with the predict to foregring the predict predicts for previous the predicts of the previous th	 You confirm that the significant assumptions used in making the valuation of Property, Plant Equipment appropriately reflect your intent and ability to carry out specific courses of action on be
 accordance with the applicable financial reporting framework. That the assumptions you used in making accounting estimates appropriately reflects your intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures. 	of the entity. 4. You confirm that the disclosures made in the Authority's financial statements with respect to accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on Propu Plant and Equipment valuations and made in accordance with the CIPFA LASAAC Code of Prac
That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements. H. Expenditure Funding Analysis	on Local Authority Accounting in the United Kingdom 2020/21. 5. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in Authority's financial statements due to subsequent events, including due to the Covid-19 pandem
You confirm that the financial statements reflect the operating segments reported internally to the Authority.	 You confirm that you have performed a desktop review of all assets not subject to revaluation as of the 5 year rolling programme for valuations and that each asset category is not materially missta
I. Going Concern	7. You confirm that for assets carried at historic cost, that no impairment is required.
 That the Authority has prepared the financial statements on a going concern basis and that Note X (insert note) to the financial statements discloses all of the matters of which you are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, your future financial plans and the veracity of the associated future funding allocations from the Department for Environment, Food and Rural Affairs, the sufficiency of cash flows to support those financial plans. 	M. Retirement benefits That on the basis of the process established by you and having made appropriate enquiries, you satisfied that the actuarial assumptions underlying the pension scheme liabilities are consistent your knowledge of the business. All significant retirement benefits and all settlements curtailments have been identified and properly accounted for.
 J. Ownership of Assets That except for assets recognised as right-of-use assets in accordance with IFRS 16 Leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet. 	2. You agree with the findings of the specialists that you engaged to evaluate the Valuation of Pen- Liabilities and have adequately considered the qualifications of the specialists in determining amounts and disclosures included in the Authority's financial statements and the undert accounting records. You did not give or cause any instructions to be given to the specialists respect to the values or amounts derived in an attempt to bias their work, and you are not other aware of any matters that have had an effect on the independence or objectivity of the specialist
K. Reserves 1. You have properly recorded or disclosed in the Authority's financial statements the useable and unusable reserves.	 You believe that the measurement processes, including related assumptions and models, use determine the accounting estimate(s) have been consistently applied and are appropriate in context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United King 2020/21.
L. Valuation of Property, Plant and Equipment Assets 1. That you agree with the findings of the experts engaged to evaluate the valuation of the Authority's	 You confirm that the significant assumptions used in making the valuation of the pension sch liability appropriately reflect our intent and ability to carry out specific courses of action on beha the entity.
Property, Plant and Equipment and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included within the Authority's financial statements and the underlying accounting records. That you did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and that you are not otherwise aware of any matters that have had an effect on the independence or objectivity of	5. You confirm that the disclosures made in the Authority's financial statements with respect to accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the Pen Scheme Liability and made in accordance with the CIPFA LASAAC Code of Practice on L Authority Accounting in the United Kingdom 2020/21.
the experts. 2. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.	 You confirm that no adjustments are required to the accounting estimate(s) and disclosures in Authority's financial statements due to subsequent events, including due to the Covid-19 Pander

quest fo	or a Management Representation Letter				
ſ		_			
	FY Building a better				
	Building a better working world				
	N. Specific Representations				
	We do not require any specific representations in addition to those above.				
	I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the s151 offlicer and Chair of Audit and Risk Committee) on the proposed audit opinion date (date to be advised) on formal headed paper.				
	Yours sincerely				
	Mark Hodgson Associate Partner				
	Ernst & Young LLP United Kingdom				
l					

Appendix D **F**

Implementation of IFRS 16 Leases

In previous reports to the Audit and Risk Committee, we have highlighted the issue of new accounting standards and regulatory developments. IFRS 16 introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases. The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

IFRS 16 does not come into effect for the Authority until 1 April 2022. However, officers should be acting now to assess the Authority's leasing positions and secure the required information to ensure the Authority will be fully compliance with the 2022/23 Code. The following table summarises some key areas officers should be progressing.

IFRS 16 theme	Summary of key measures
Data collection	 Management should: Put in place a robust process to identify all arrangements that convey the right to control the use of an identified asset for a period of time. The adequacy of this process should be discussed with auditors. Classify all such leases into low value; short-term; peppercorn; portfolio and individual leases Identify, collect, log and check all significant data points that affect lease accounting including: the term of the lease; reasonably certain judgements on extension or termination; dates of rent reviews; variable payments; grandfathered decisions; non-lease components; and discount rate to be applied.
Policy Choices	 The Authority needs to agree on certain policy choices. In particular: Whether to adopt a portfolio approach What low value threshold to set and agree with auditors Which asset classes, if any, are management adopting the practical expedient in relation to non-lease components What is managements policy in relation to discount rates to be used?
Code adaptations for the public sector	Finance teams should understand the Code adaptations for the public sector. The Code contains general adaptations, (e.g. the definition of a lease); transitional interpretations (e.g. no restatement of prior periods) and adaptations that apply post transition (e.g. use of short-term lease exemption).
Transitional accounting arrangements	Finance teams should understand the accounting required on first implementation of IFRS 16. The main impact is on former operating leases where the authority is lessee. However, there can be implications for some finance leases where the Authority is lessee; and potentially for sub-leases, where the Authority is a lessor, that were operating leases under the old standard.
Ongoing accounting arrangements	Finance teams need to develop models to be able to properly account for initial recognition and subsequent measurement of right of use assets and associated liabilities. This is more complex than the previous standard due to more regular remeasurements and possible modifications after certain trigger events.
Remeasurements and modifications	Finance teams need to familiarise themselves with when the 'remeasurement' or 'modification' of a lease is required and what to do under each circumstance. A modification can lead to an additional lease being recognised. It is also important to know when remeasurements require a new discount rate is to be applied to the lease.

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Financial Sustainability

For 2020/21, the Authority has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

1. How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The Authority produces an annual budget and an update to the financial strategy at the start of each financial year. Significant financial pressures to the Authority, based on the nature of income and expenditure, are salary increases and the number of boats within the system that will require a toll. The Authority include an element of prudency within the estimates in the annual budget setting for salary increases, and monitors boat numbers through discussion with boat yards and review of annual toll payments.

2. How the body plans to bridge its funding gaps and identifies achievable savings

Funding gaps are considered as part of the budget setting process. In the short term, funding gaps are balanced through the use of reserves whilst savings plans and further external funding opportunities are investigated. A review of the reserve policy is due to take place during 2021/22 to ensure that minimum levels are adequate to manage future uncertainty. The medium term financial plan does include ongoing receipt of DEFRA grant income at a flat rate, which is still subject to some uncertainty whilst the outcome of a new settlement is awaited.

3. How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The budget is monitored with respect to minimum levels of reserves as set by the Chief Finance Officer, which is based on net expenditure totals. This ensures that delivery of services can be maintained into the future. The annual budget is produced on a zero base to ensure it is line with strategic priorities, assuming no rollover of previous budgets. Spending is split between essential and desirable expenditure in line with key priorities of the Authority.

Appendix E - Provisional VFM Commentary (continued)

DRAFT

Financial Sustainability (continued)

4. How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

Workforce planning is considered by the Directors as part of the budget setting process. Capital expenditure is funded via revenue or the earmarked reserves in line with capital planning. This is considered at the same time as looking at the forecast future year replacements to consider the adequacy of earmarked reserves levels and contributions. The financial plan is taken to the Broads Authority at the same time as a strategic direction update which sets priorities for the financial year.

5. How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Income and expenditure is monitored on a monthly basis with budget holders providing updates on any variances. Tolls income is carefully monitored against profile so that drops in demand, such as that experienced during the start of the Covid-19 pandemic and national lockdown arrangements, can be quickly identified and expenditure plans can be reprioritised. Financial position updates are taken to the Audit and Risk Committee which provides members with the latest financial information to inform decision making.

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Governance

For 2020/21, the Authority has had the arrangements we would expect to see to enable it to make informed decisions and properly manage its risks.

1. How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;

Risks are monitored on a six monthly basis through the corporate and directorate registers. New areas of work are reported to Committee with risk being identified as part of the report. Internal Audit's plan is carried out through a risk based approach to help determine which service areas should be reviewed. Key controls and corporate governance are always reviewed annually, with IT audits on specific areas every 2 years in line, with the Internal Audit strategy. The Head of Internal Audit provides an annual opinion on the effectiveness of controls and if any areas require improvement. For 2020/21, a 'reasonable assurance' opinion was issued by Internal Audit.

2. How the body approaches and carries out its annual budget setting process

The Authority produces an annual budget alongside an update to the financial strategy at the start of each financial year. The budget is produced by the Chief Finance Officer based on information from relevant budget holders, and taken to the full Authority meeting for approval.

3. How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;

Monthly monitoring of income and expenditure is performed, with explanations for variances obtained from relevant budget holders. These are followed up at monthly meetings with the Chief Finance Officer to ensure corrective action has been taken where required, or where savings can be re-distributed elsewhere within the Authority to relieve financial pressures. Budget monitoring is lead through the finance system, and Internal Audit include Budgetary Control within their scope of work for the year.

4. How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee;

Decisions are made in line with the delegated powers, budgetary provision, strategic priorities and the wider Broads Plan. Decisions made by the membership are supported by Committee reports and openly debated at Committee. Planning delegated decisions are published and expenditure is disclosed for transparency regulations. Audit and Risk Committee terms and reference are guided by CIPFA's guidelines. All members are provided annual training in relation to their responsibilities with the Statement of Accounts.

DRAFT

Governance (continued)

5. How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

The 'Code of Conduct for Employees' and the 'Code of Conduct for Members and Complaints Procedure' sets out regulatory requirements and behaviour expectations. This also provides guidance on accepting gifts and hospitality. There are terms of reference for each Committee setting out responsibilities. Members interests are recorded and maintained within a formal register and any conflicts of interest must be declared at the start of each meeting so that the member does not participate in decision making for any item for which they have a conflict of interest. The Monitoring Officer is available to provide advice to members on meeting the appropriate requirements

Appendix E - Provisional VFM Commentary (continued)

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Improving economy, efficiency and effectiveness

For 2020/21, the Authority has had the arrangements we would expect to enable it to use information about its costs and performance to improve the way it manages and delivers services.

1. How financial and performance information has been used to assess performance to identify areas for improvement;

Financial outturn is compared against budget to identify areas of improvement and potential saving or service improvement. Directors are responsible for raising improvement areas where they are then investigated and discussed with the Chief Finance Officer. The Narrative Report sets out the review of performance for the year.

2. How the body evaluates the services it provides to assess performance and identify areas for improvement

The 'Broads Plan' is the overarching management plan for the Broads executive area as a whole, produced by the Broads Authority as a partnership plan. Strategic priorities are aligned to the plan and this is reinforced through the Business Plan. The strategies developed reinforce the day to day delivery and these are reviewed on a regular basis by the Board and improvements identified.

3. How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve;

The Authority maintains a partnership register which is reviewed annually to ensure it remains appropriate and up to date. The most significant partnerships are those in respect of external funding where partnership agreements are in place. Performance for these agreements is assessed against agreed expectations and modified where required.

4. Where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.

The Authority has 'Financial Regulations', 'Standing Orders Relating to Contracts' and a 'Procurement Strategy' that follow the relevant legislation and are updated regularly. All tenders are reviewed by the Chief Finance Officer to ensure the procurement meets the required standard. Contract templates build in monitoring throughout the contract against key performance indicators to ensure the contract is delivering as expected.

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ED None

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Mark Hodgson Associate Partner Ernst & Young One Cambridge Business Park Cambridge CB4 0WZ

30 September 2021

Dear Mark

Broads Authority Letter of Representation

This letter of representations is provided in connection with your audit of the financial statements of Broads Authority ("the Authority") for the year ended 31 March 2021.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority's financial position of the Broads Authority as of 31 March 2021 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:



A. Financial Statements and Financial Records

- 1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 (as amended in 2020 for COVID-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
- 2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the Authority's financial statements. We believe the Authority's financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and are free of material misstatements, including omissions. We have approved the Authority's financial statements.
- 3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
- 4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system on internal controls.
- 5. That the effects of unadjusted audit differences, summarised in the Audit Results Report, if relevant, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in aggregate, to the financial statements taken as a whole.

We have not corrected the difference relating to the debtor for the Heritage Lottery Fund identified and brought to our attention. Management accepts that the movement is not considered material and does not relate to the recoverability of the grant.

B. Non-compliance with law and regulations, including fraud

- 1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
- 2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
- 3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;

- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

- 1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 2. All material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.
- 3. We have made available to you all minutes of the meetings of the Authority and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 21 September 2021.
- 4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
- 5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
- 7. That from the date of our last management representation letter to you, through the date of this letter, we have disclosed to you any unauthorised access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including reports submitted to us by

third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorised access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

- 1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
- 2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
- 3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed these in the financial statements, within note 32. There are no guarantees we have given to third parties.

E. Subsequent Events

1. Other than described in Note 6 to the Authority's financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

- 4. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2020-21.
- 5. We confirm that the content contained within the other information is consistent with the financial statements.

G. Accounting Estimates

- 1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 2. In respect of accounting estimates recognised or disclosed in the financial statements:
 - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.

• That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Expenditure Funding Analysis

1. We confirm that the financial statements reflect the operating segments reported internally to the Authority.

I. Going Concern

1. That the Authority has prepared the financial statements on a going concern basis and that Note 36 to the financial statements discloses all of the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, your future financial plans and the veracity of the associated future funding allocations from the Department of Food & Rural Affairs (DEFRA), the sufficiency of cash flows to support those financial plans.

J. Ownership of Assets

1. That except for assets recognised as right-of-use assets in accordance with IFRS 16, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.

K. Reserves

1. We have properly recorded or disclosed in the Authority financial statements the useable and unusable reserves.

L. Valuation of Property, Plant and Equipment Assets

- 1. That we agree with the findings of the experts engaged to evaluate the values of the Authority's Property, Plant and Equipment and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included within the Authority's financial statements and the underlying accounting records. That we did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and that we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.
- 2. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
- 3. We confirm that the significant assumptions used in making the valuation of Property, Plant and Equipment appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.

- 4. We confirm that the disclosures made in the Authority financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on Property, Plant and Equipment valuations and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
- 5. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Authority financial statements due to subsequent events, including due to the Covid-19 pandemic.
- 6. We confirm that we have performed a desktop review of all assets not subject to revaluation as part of the 5-year rolling programme for valuations and that each asset category is not materially misstated.
- 7. We confirm that for assets carried at historic cost, that no impairment is required.

M. Retirement benefits

- 1. That on the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
- 2. We agree with the findings of the specialists that we have engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Authority financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
- 3. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
- 4. We confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
- 5. We confirm that the disclosures made in the consolidated and Authority financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
- 6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Authority's financial statements due to subsequent events, including

due to the Covid-19 Pandemic.

Yours sincerely

(Chief Financial Officer)

(Chair of Audit and Risk)



Audit and Risk Committee

21 September 2021 Agenda item number 11

Statement of Accounts 2020/21

Report by Chief Financial Officer

Summary

This report provides an update on the Broads Authority Statement of Accounts and its audit for the year ended 31 March 2021.

Recommendation

To recommend to the Broads Authority the Statement of Accounts for 2020/21 for approval, subject to any further audit amendments, or amendments suggested by this Committee.

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1. Introduction

- 1.1. Members will recall that, in the Financial Performance and Direction report to the Authority on 30 April 2021, there were draft figures for 2020/21 that provided for a consolidated surplus of £209,219. At the meeting, a verbal update was provided that some additional year-end adjustments had been made and the surplus had decreased slightly to £182,568. These figures were then used in the production of the draft Statement of Accounts, which were signed and published on our website on 17 June 2021.
- 1.2. Following the July to September audit, Ernst and Young LLP (EY) have been undertaking their work. Where amendments have been notified up until this date, they have been

incorporated into the final document included at Appendix 1. EY's draft Annual Audit Results is the previous item on this agenda.

2. Changes to the 2020/21 Accounts

- 2.1. The draft surplus previously reported has now decreased by £40,551 due to the audit requirement of making a provision for the outstanding 2019/20 audit fees. Members may recall that, at the end of the audit last year, EY requested additional fees of £40,551 due to the additional work undertaken. The original intention was to treat this as a contingent liability, as I felt the amount could not be reliably measured; however EY have asked that I make a provision as they believe the outstanding amount can be measured and there is an obligation based on the fact this has been notified and the work has been completed. This has been disputed and remains with the Public Sector Audit Appointments (PSAA) for determination while they are comparing proposals against similar ones at other bodies and from different firms; if a proposal is higher than elsewhere, they will ask the auditor to provide a justification in that context. If the PSAA finds in our favour, then the provision will be released back to the accounts in 2021/22.
- 2.2. The impact of this adjustment is that the surplus for National Park and Navigation has reduced to £21,492.03/£19,058.97 respectively.
- 2.3. There have also been two changes to the year-end adjustments. These relate to a movement on the Pension liability which has decreased by £301,000 and the revaluations of Property, Plant and equipment (PPE) which have increased by £32,000. The impact of the revaluation has meant there has been movement on the unusable reserves (Revaluation reserve and the Capital adjustment account). This means the net movement on the Balance Sheet is a reduction in overall liabilities by £293,000.
- 2.4. Table 1 below shows the total adjustments made.

Table 1

Income and Expenditure	Operations £000's	Strategic Services £000's	Chief Executive £000's	HLF & CANAPE £000's	Corporate Amounts £000's	Total £000's
Fees, charges and other service income	(156)	(443)	(30)	(628)	(3,408)	(4,665)
Contribution from reserves	0	0	0	0	(176)	(176)

Summary Income and Expenditure 2020/21

Income and Expenditure	Operations £000's	Strategic Services £000's	Chief Executive £000's	HLF & CANAPE £000's	Corporate Amounts £000's	Total £000's
Government Grants	0	0	0	0	(3,414)	(3,414)
Total Income	(156)	(443)	(30)	(628)	(6,998)	(8,255)
Employee expenses	2,209	1,445	819	160	131	4,764
Other services expenses	1,607	457	714	571	0	3,349
Total Expenditure	3,816	1,902	1,533	731	131	8,113
Net Expenditure	3,660	1,459	1,503	103	(6,867)	(142)

Table 2

Summary of adjustments

Adjustments	Amount £000's
Net expenditure	(142)
Amounts in the Comprehensive Income and Expenditure Statement (CIES) not reported to management	766
Amounts included in Table 1 not in the CIES	2,976
Cost of Services in the CIES	3,600

- 2.5. Items in the amounts included in the CIES not reported to management include yearend adjustments for the Pension Scheme. The Accounts are adjusted to reflect the difference between the actual costs as assessed by the Actuary and the contributions paid over during the year. Further adjustments are also made for untaken staff leave, depreciation and movements on the revaluations of fixed assets.
- 2.6. The main adjustments in the third line, which is in the analysis above but not the Comprehensive Income and Expenditure Statement, is the removal of the DEFRA grant, interest and investment income and interest payable. These items are added back in the lines under the cost of services. Further adjustments relate to the accounting treatment of capital expenditure, reserve expenditure and finance leases.

2.7. Table 3 below analyses these adjustments in more detail and agrees back to the Comprehensive Income and Expenditure Statement on page 16 in the Statement of Accounts.

Table 3

Detailed adjustments

Income and Expenditure type	Service Analysis £000's	Not reported to Management £000's	Not included in the CIES £000's	Net Cost of Services £000's	Other operating expenditure, financing of investments and Government Grant £000's	Deficit on the Provision of Services £000's
Fees, charges and other service income	(4,643)	0	0	(4,643)	0	(4,643)
Interest and investment income	(22)	0	22	0	(22)	(22)
Contributions from earmarked reserves	(176)	0	(207)	(383)	0	(383)
Government Grants	(3,414)	0	3,414	0	(3,414)	(3,414)
Total Income	(8,255)	0	3,229	(5,026)	(3,436)	(8,462)
Employee expenses	4,764	419	0	5,183	205	5,388
Other service expenses	3,320	0	(224)	3,096	0	3,096
Depreciation, amortisation & revaluation	0	347	0	347	0	347
Interest payments	29	0	(29)	0	29	29
Gain on disposal of Assets	0	0	0	0	(9)	(9)

Income and Expenditure type	Service Analysis £000's	Not reported to Management £000's	Not included in the CIES £000's	Net Cost of Services £000's	Other operating expenditure, financing of investments and Government Grant £000's	Deficit on the Provision of Services £000's
Total Operating Expenditure	8,113	766	(253)	8,626	225	8,851
(Surplus)/Deficit on the Provision of Services	(142)	766	2,976	3,600	(3,211)	389

3. Balance Sheet

- 3.1. Following the adjustments for the pension liability and the PPE valuations, the net liability has moved from £4,413,000 to £4,120,000. The Pension provision has increased the current liabilities by £40,000 and reduced General (National Park) and Navigation reserves by £21,492.03/£19,058.97 respectively. The balance sheet can be found on page 21.
- 3.2. The bottom section of the Balance Sheet on page 21 splits the reserves between useable and unusable reserves. The useable reserves can be used to fund future operating expenditure, while the unusable reserves are kept to manage accounting processes such as unrealised gains or acquisitions of Fixed Assets and the movements on the Pension Reserve.
- 3.3. The closing position on the Earmarked reserves remain at the same levels as verbally reported on 30 April 2021. The individual balances that make up the Earmarked reserve can be found within the Statement of Accounts under note 10, page 43. The year end balances of the reserves are:
 - National Park £892,103;
 - Navigation £894,536;
 - Earmarked £2,338,470 of which £952,346 relates to Navigation

4. Annual Governance Statement

4.1. The Accounts and Audit (England) Regulations 2015 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 Annual Governance Statement was

approved for issue on 23 July 2021 by the Broads Authority and is available to view on the website <u>Annual accounts (broads-authority.gov.uk)</u>.

5. Audit of the Statement of Accounts

- 5.1. At the time of writing EY have completed the majority of their audit work. Details of outstanding items were provided under agenda item number 10.
- 5.2. On completion of any outstanding items, the report will be signed and incorporated into the Statement of Accounts.

6. Financial Implications

6.1. The Statement of Accounts for 2019/20 shows revenue reserves of £1,786,639 (national park (general) reserves of £892,103, navigation reserves £894,535) that are considered to be adequate. The navigation reserve at the end of 2020/21 stands at 27.2% of net expenditure. This is higher than the Financial Strategy forecast for the end of 2020/21. This is in part due to two reasons - the transfer of £250,000 between the two reserves, and the carry forwards. With these taken alongside the earmarked reserves, balances are considered acceptable. A detailed review will be undertaken in 2021/22 on whether the minimum levels require increasing to mitigate any further lockdowns as a result of COVID.

Author: Emma Krelle

Date of report: 11 September 2021

Background papers: Draft Statement of Accounts 2020/21 and Annual Audit Results 2020/21

Appendix 1 – Statement of Accounts 2021



Broads Authority

Statement of Accounts 2020/21

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Narrative report

Introduction

The purpose of the Narrative Report is to provide information on the Authority, its main objectives and strategies and the principal risks that it faces. It also provides commentary on how the Authority has used its resources to achieve its outcomes in line with its objectives and strategies.

About the Broads Authority

The Broads Authority was established by 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 Broads Plan is the key management plan for the Broads. It sets out a long-term vision for the benefit of the natural and cultural environment, local communities and visitors. Although the Authority is responsible for its production it is a plan for the whole of the Broads, and its success very much depends on a common vision, strong partnership working and the best use of shared resources. The current plan covers the period 2017-22 and is publicly available via the website. A six-monthly newsletter is produced to provide updates and can also be found in the link below.

https://www.broads-authority.gov.uk/about-us/how-we-work/strategy

The Authority's Strategic Priorities are set annually by the members in line with objectives in the Broads Plan. Progress against the Strategic Priorities is reported regularly to the Authority and details of 2020/21 can be found in the link below:

<u>Strategic direction: Draft Annual Business Plan 2021/22 and strategic priorities update</u> (broads-authority.gov.uk)

All decisions are supported by the Authority's core values. These are enduring beliefs or ideals about what is good or desirable and what is not. They are:

- 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;
- Exemplary we strive for excellence in all we do. We are ambitious, innovative and lead by example;
- Commitment we are committed to making a difference to the Broads for the benefit of all, and will have the courage of our convictions when faced with difficult issues;
- Caring we are considerate and respectful of each other, working together to provide the best service we can; and
- 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.

The Authority is funded from two major sources; National Park Grant from Defra and Navigation Toll Income. These are approximately equal to each other and are used to fund the activities (including staffing) across the organisation.

Governance

The Annual Governance Statement provides details of progress against the current year and provides the new financial year action plan. This was considered by the Authority on 23 July and is available via the link below:

Annual Governance Statement 2020-21 and Action Plan 2021-22 ba23-07-21 (broadsauthority.gov.uk) In 2018 the Government commissioned a review of National Parks and Areas of Outstanding Natural Beauty (AONBs) looking at coverage of designations, how designated areas deliver their responsibilities, how designated areas are financed, and whether there is scope for expansion. The review team, led by Julian Glover, visited the Broads in November 2018. The team's report "Landscapes Review" was published in September 2019. The Government response is expected this year. The Authority received a paper at its January 2020 committee identifying some short-term priorities. A link to the committee report can be found below that also contains a link to the final report.

https://www.broads-authority.gov.uk/ data/assets/pdf file/0026/263807/Landscape-Review-Response-with-Appendix-Glover-report-Recommendations-31-01-20.pdf

Operational model

The Authority consists of the Chief Executive team and two Directorates; Operations and Strategic Services. The total number of staff employed by the Authority gives a head count of 156 or 139.2 Full Time Equivalents (FTE) as at 31 March 2021. This is split 79 (74.5 FTE) Operations, 52 (44.1 FTE) Strategic Services and 25 (20.6 FTE) Chief Executive. Due to the seasonal nature of the Authority's activities the levels of staff vary throughout the year and the year-end position may vary depending on when Easter falls.

The Chief Executive is supported by the Governance Team who service the Authority's various committees; and the Chief Financial Officer who is responsible for the Asset Management, IT, Collection of Tolls, Finance and Insurance team.

The Operations Directorate consists of; the Construction, Maintenance and Environment team who carry out the practical work on the Broads, from dredging to the maintenance and refurbishment of moorings and land based sites and project managing the National Heritage Lottery Fund (NHLF) project 'Water, Mills and Marshes'; the Ranger team who patrol the waterways enforcing our byelaws to small scale practical works and Safety Management that has health and safety responsibility for all staff and visitor safety on and near the water.

The Strategic Services Directorate consists of; Planning - responsible for all planning applications, enforcement and the Local Plan within the Authority's executive area; Communications - responsible for all publications, events and visitor services; HR - supporting all of the Authority's employees; Volunteer Services which support volunteering opportunities across all areas of the Authority; and other strategic priorities; the management of the European Regional Development Fund (ERDF) INTERREG project 'Creating A New Approach to Peatland Ecosystems' (CANAPE).

The Authority's income is supplemented by income from planning fees, contributions from landowners and the Rural Payments Agency towards fen management, Visitor Centres and Yacht Station sales and external funding such as HLF and ERDF.

Risks

Uncertainty exists about future years' settlements and their duration. The impact of COVID-19 on the income the Authority receives from its toll payers was significantly less than originally expected. The loss of income was balanced through in-year savings. Cuts to the National Park Grant in years 2010/11 to 2015/16 has meant the Authority has already restructured from four Directorates to two. If there were future reductions to the National Park Grant beyond 2022/23 it would mean difficult decisions would need to be made to determine future services. This uncertainty is further emphasised by the outcome of the Comprehensive Spending Review due in the autumn, although this would be offset if Defra provided a three-year settlement. The current level of National Park reserves means that such impact would be cushioned in the short term until the longer vision of services is determined; however, this is not sustainable in the longer term.

Risks are reviewed on a regular basis with actions being taken to mitigate any possible impacts. Reports to the Authority highlight risks on potential new areas of activity. The Audit and Risk Committee receive detailed reports on the current risks with details of the individual risks, risk owner and actions. A link to the latest report can be found below.

Corporate-Risk-Register-update.pdf (broads-authority.gov.uk)

Review of Corporate Risk Register

Following a recommendation from internal audit's Corporate Governance and Risk Management review the risk register and policy was reviewed and updated during 2019/20. The risk register is now split between the Corporate risk register, focusing on risks that are strategic, and Directorates' risk registers, focusing on operational day to day risk. The Corporate risk register continues to be reviewed bi-annually by the Audit and Risk committee with the option for significant risks being reported to the Broads Authority.

Opportunities

External funding opportunities continue to be investigated and supported by National Parks Partnership LLP (NPP). NPP continues to promote corporate partnerships for the UK National Parks with the aim to make a significant, sustainable and discernible contribution to the improved quality of UK National Parks and the benefits they offer for generations to come. The UK National Parks also continue to investigate efficiencies through joint procurement and services and also to create resilience amongst the Parks. 2019/20 saw the creation of the UK National Parks Communication Team hosted by the Authority. This service is jointly funded by all 15 UK National Parks and seeks to promote a shared sense of identity.

The Authority has already been successful in gaining external funding from; the NHLF for Water, Mills and Marshes, ERDF for CANAPE, WEG, ELMs, EXPERIENCE, Generation Green and Columbia providing clothing to all front-line staff for five years from 2017/18.

Prior to the outbreak of COVID-19 opportunities were being explored for a Visitor Services presence at the Norwich Forum, but this has evolved into an external display in Norwich City centre, which would make it easier to adapt with potential social distancing requirements.

The external display project will be partly funded through the Interreg EXPERIENCE project led by Norfolk County Council, and it is hoped that this will be progressed in 2021/22. This would fill the gap in visitor information provision since the Visitor Centre at Whitlingham Country Park was closed due to the Trust wishing to take back responsibility for the Park. The displays at Lowestoft Train Station were completed during the summer, and Ranworth Visitor Centre reopened to the public on 12 April 2021. More opportunities for additional signs at train stations will be developed in coordination with the Community Rail Partnership.

Strategy and resource allocation

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 in order to minimise the impact on front-line activity. The Authority recognises that without its employees continued commitment and hard work this would not be possible.

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 (National Park) 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. The outbreak of COVID during 2020 has seen the Authority committed to review its reserves policy during 2021 to ensure that the set minimums are appropriate in order to survive any future pandemics.

On 20 November 2007, the Authority took out a £290,000 loan from the Public Works Loan Board (PWLB). 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 2021 is £109,892.

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.

During 2020/21, the Authority took out a further loan from the PWLB for £105,000. The purpose of the loan was to fund the purchase of a new JCB excavator. These types of purchases have typically been financed by finance leases in the past, but the fixed rate of interest at 2% made the loan the cheapest option. The loan is to be repaid over five years, repayable by annuity. The PWLB has advised that the fair value of the debt as 31 March 2021 is £110,894.

Performance

Performance is assessed against progress made towards the Broads Plan, Strategic Priorities and the Budget with regular updates being provided to the Authority.

General (National Park) Income and Expenditure

The Authority received National Park Grant of £3,414k from Defra (£3,414k in 2019/20). In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £1,098k (£1,315k in 2019/20). Total income for 2020/21 was £4,512k (£4,729k in 2019/20).

The Authority set a budget for 2020/21 with a forecast deficit of £56k (£78k deficit for 2019/20). This deficit was to be balanced through the use of reserves. 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 2020/21 indicated an anticipated surplus of £43k. The actual outturn saw a surplus of £54k (a favourable variance of £11k). The Authority has a policy for carry forward requests in respect of underspends. This year there has been an increased number of requests due to the COVID-19 outbreak. These are were considered and approved by the Authority on 30 April for £15k (£23k for 2019/20) and added to the 2021/22 budget.

Navigation Income and Expenditure

Income from tolls was £3,333k (£3,375k in 2019/20), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £223k, (£322k in 2019/20) and interest was £11k (£25k in 2019/20). Total income for 2020/21 was £3,567k (£3,722k in 2019/20).

The Authority set a budget with a forecast deficit of £210k for 2020/21 (deficit of £32k for 2019/20). This deficit was to be balanced through the use of reserves. The Authority monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for 2020/21, which took account of approved budget changes, indicated an anticipated deficit of £103k. The actual outturn saw a surplus of £129k (a favourable variance of £231k). The Authority has a policy for carry forward requests in respect of underspends. This year there has been an increased number of requests due to the COVID-19 outbreak. These were considered and approved by the Authority on 30 April for £78k (£88k for 2019/20) and added to the 2021/22 budget.

The Statement of Accounts consolidates these results and the combined figures are found in the Comprehensive Income and Expenditure Statement (CIES) and the Expenditure Funding Analysis (EFA). The CIES can be found on page 19 and the EFA on page 18.

Outlook

2021/22 continues to focus on the successful delivery of our two external funded projects from the NHLF and ERDF. Although both projects are claimed in arrears the impact on the Authority's cash flows is minimal. However, there is some uncertainty on future exchange rates which are difficult to forecast for the ERDF grant which is contracted in Euros. The use of a prudent exchange rate during the application phase should minimise any future impact.

The budget for Navigation is projecting a deficit of £300k in 2021/22 (after taking into account carry forward requests), with reserves at 16% of net expenditure at the end of the year. For General (National Park) funding there is a projected deficit of £123k (after taking into account carry forwards requests) in 2021/22, with reserves at 22.2% of net expenditure. Both the National Park and Navigation deficits will be balanced through the use of reserves.

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 2022. The annual toll increase for 2021/22 was set at 4% for all vessels. When setting the future strategy, the Authority will continue to consult with the Navigation Committee. 2021/22 continues to focus on the development of partnership work. This incorporates an external display project in Norwich. Work will also continue with partners to help shape the future of payments to farmers and land managers post Brexit, which will include a new scheme administered by the Broads Authority (Farming in Protected Landscapes). Climate change remains a threat to the Broads. Broadland Futures Initiative, in collaboration with the Environment Agency, will continue the engagement work with stakeholders.

Changes to the 2020/21 Accounts

There have been no key changes to the Statement of Accounts in 2020/21.

The accounting statements

The Broads Authority's accounts for the year 2020/21 are set out on pages 12 to 78. They consist of:

Statement of Responsibilities for the Statement of Accounts

Statement of Corporate Governance

Expenditure and Funding Analysis – This statement shows how annual expenditure is used and funded from resources (government grants and rents) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis is a note to the Financial Statements, however its position next to the Comprehensive Income and Expenditure Statement is to provide a link from the figures reported under Performance within the Narrative Report.

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

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.

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 35 on page 78.

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 Chief Financial Officer.
- b) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- c) Approve the statement of accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer 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 2020/21 (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer 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 Chief Financial Officer 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.

Chief Financial Officer'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 2021 and its income and expenditure for the year ended 31 March 2021.

Emma Krelle (Chief Financial Officer)

Certificate of Committee Resolution

I confirm that these accounts were approved by The Broads Authority at its meeting held (insert date).

Signed on behalf of The Broads Authority:

(Chair of meeting approving the accounts)

Date

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

Expenditure and Funding Analysis

This statement shows how funding available to the Authority for the year has been used in providing services in accordance with generally accepted accounting practices.

2019/20 Net expenditure chargeable to the General and navigation fund balances £000	2019/20 adjustments between the funding and accounting basis £000	2019/20 Net expenditure in the comprehensive income and expenditure statement £000	Function	2020/21 Net expenditure chargeable to the General and navigation fund balances £000	2020/21 adjustments between the funding and accounting basis £000	2020/21 Net expenditure in the comprehensive income and expenditure statement £000
1,257	207	1,464	Operations	1,303	132	1,435
1,286	210	1,496	Strategic Services	1,064	134	1,198
720	63	783	Chief Executive	778	42	820
57	(26)	31	Corporate Amounts	74	0	74
(232)	424	192	Broads Navigation Account	(151)	224	73
3,088	878	3,966	Net cost of services (subtotal)	3,068	532	3,600
(3,463)	269	(3,194)	Other income and expenditure	(3,417)	206	(3,211)
(375)	1,147	772	Surplus or (Deficit)	(349)	738	389
(1,490)			Opening general and navigation fund balance	(1,658)		
(375)			Less/plus surplus or (deficit) on general and navigation balance in year	(349)		
207			Transfer (to)/from earmarked reserves	220		
(1,658)			Closing general and navigation fund balance at 31 March	(1,787)		

The Expenditure and Funding Analysis is a note to the Financial Statements; however, it is positioned here as it provides a link from the figures reported under Performance within the Narrative Report to the 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.

2019/20 Gross expenditure £000	2019/20 Income £000	2019/20 Net expenditure/ (income) £000	Description	Note	2020/21 Gross expenditure £000	2020/21 Income £000	2020/21 Net expenditure/ (income) £000
2,187	(723)	1,464	Operations		2,002	(567)	1,435
2,026	(530)	1,496	Strategic Services		1,680	(482)	1,198
821	(38)	783	Chief Executive		842	(22)	820
31	0	31	Corporate Items		74	0	74
3,884	(3,692)	192	Broads Navigation Account	35	3,613	(3,540)	73
8,949	(4,983)	3,966	Cost of services (subtotal)		8,211	(4,611)	3,600
		12	(Gains)/Losses on the disposal of non-current assets				(9)
		262	Financing and investment income and expenditure	11			212
		(3,414)	DEFRA National Park grant income				(3,414)
		(54)	Donated Asset	26			0
		772	(Surplus) or deficit on provision of services (subtotal)				389
		(118)	(Surplus) or deficit on revaluation of fixed assets				(203)
		(3,052)	Actuarial (gains)/losses on pension assets/liabilities				3,713
		(3,170)	Other comprehensive income and expenditure (subtotal)				3,510
		(2,398)	Total comprehensive income and expenditure				3,899

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.

2019/20	General fund and navigation fund balance £000	Capital receipts reserve £000	Earmarked reserves £000	Total useable reserves £000	Unusable reserves £000	Total Authority reserves £000
Balance at 31 March 2019 (A)	1,490	405	1,911	3,806	(6,425)	(2,619)
Total comprehensive income and expenditure	(772)	0	0	(772)	3,170	2,398
Adjustments between accounting basis and funding basis under regulations (Note 9)	1,147	0	0	1,147	(1,147)	0
Transfers to or from Earmarked reserves (Note 10)	(207)	0	207	0	0	0
Increase or (decrease in 2019/20 (B) (subtotal)	168	0	207	375	2,023	2,398
Balance at 31 March 2020 (=A+B)	1,658	405	2,118	4,181	(4,402)	(221)

2020/21	General fund and navigation fund balance £000	Capital receipts reserve £000	Earmarked reserves £000	Total useable reserves £000	Unusable reserves £000	Total Authority reserves £000
Balance at 31 March 2020 (A)	1,658	405	2,118	4,181	(4,402)	(221)
Total comprehensive income and expenditure	(389)	0	0	(389)	(3,510)	(3,899)
Adjustments between accounting basis and funding basis under regulations (Note 9)	738	0	0	738	(738)	0
Transfers to or from Earmarked reserves (Note 10)	(220)	0	220	0	0	0
Increase or (decrease in 2020/21 (B) (subtotal)	129	0	220	349	(4,248)	(3,899)
Balance at 31 March 2020 (=A+B)	1,787	405	2,338	4,530	(8,650)	(4,120)

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 March 20 £000	Category	Note	As at 31 March 21 £000
4,592	Property, plant & equipment	12	4,738
18	Intangible Assets		9
4,610	Long term assets (subtotal)		4,747
4,010	Short term investments		3,003
114	Inventories	13	112
2,250	Short term debtors	14	959
681	Cash and cash equivalents	15	2,374
7,055	Current assets (subtotal)		6,448
(15)	Short term borrowing		(35)
(2,782)	Short term creditors	16	(1,800)
(107)	Provisions	17	(154)
(2,904)	Current liabilities (subtotal)		(1,989)
(94)	Long term borrowing		(164)
(8,888)	Other long-term liabilities	29, 31	(13,162)
(8,982)	Long term liabilities (subtotal)		(13,326)
(221)	Net assets (liabilities)		(4,120)
-	Useable reserves	-	-
1,115	L5 General account fund balance		892
543	543 Navigation account fund balance		895
405	405 Capital receipts reserve		405
2,118	2,118 Earmarked reserves		2,338
-	Unusable reserves	19	-
1,771	Revaluation reserve		1,907
2,618	Capital adjustment account		2,571
(8,731)	31) Pension reserve		(13,061)
(60)	Accumulated absence reserve		(67)
(221)	Total reserves		(4,120)

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2021 and its income and expenditure for the year ended 31 March 2020. These financial statements replace the unaudited statements certified by the Chief Financial Officer on 17 June 2021.

Emma Krelle (Chief Financial Officer)

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.

2019/20 £000	Revenue activities	Note	2020/21 £000
(772)	Net surplus or (deficit) on the provision of services		(389)
1,007	Adjustments to net surplus or deficit on the provision of services for non-cash movements		1,338
(4)	Adjust for items in the net surplus or deficit on the provision of services that are investing and financing activities		(31)
231	Net cash flows from operating activities (subtotal)	20	918
(676)	Investing activities	21	727
(72)	Financing activities	22	48
(517)	Net increase or (decrease) in cash and cash equivalents (subtotal)		1,693
1,198	Cash and cash equivalents at the beginning of the reporting period		681
681	Cash and cash equivalents at the end of the reporting period	15	2,374

Notes to the Statement of Accounts

1. Accounting policies

i. General principles

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. 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 2020/21 and the Service Reporting Code of Practice 2020/21, 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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.

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.

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. Fair value measurement

The Authority measures some of its non-financial assets such as investment properties and some of its financial instruments such as borrowings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 quotes prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date;
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 unobservable inputs for the asset or liability.
- x. Financial instruments

Financial liabilities

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. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for Statements the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

The Authority has not made any material loans.

xi. 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 yearend, 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

xii. 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.

xiii. 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.

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.

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

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

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. 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 accrual's 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 current 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current 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 current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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:

- 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 between 20 and 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.

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

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 or Equipment) 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. 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.

xvii. 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. 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, considering 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 32) 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.

xviii. 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.

xix. Operating segments

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 2020/21, however in note 35 to the accounts the navigation income and expenditure is shown.

xx. 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.

xxi. 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.

xxii. 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 2021/22 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 2021:

• In response to the Covid-19 pandemic, CIPFA/LASAAC has further delayed the implementation of IFRS 16 Leases until 1 April 2022. This will be a significant change in Local Authority Accounting. Its introduction will remove the distinction between operating and finance leases for lessees. The standard will require assets to be

recognised on the balance sheet as well as the liability for outstanding lease payments. This will apply where the right to use the asset exceeds 12 months and it is not considered low value. This will be a significant change to the Authority as it holds a number of operating leases relating to land that is used for moorings.

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:

- Despite the one-year settlement from DEFRA for 2021/22 there remains a degree of uncertainty about the longer-term 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 four 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. The Authority 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 Accounting Standard (IAS) 28 – 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	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge would

Item	Uncertainties	Effect if actual results differ from assumptions
	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.	increase by £59,000 for every year that useful lives had to be reduced.
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 pension's 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 £4,445,000. Further details are set out in the sensitivity analysis in note 31.

5. Material items of income and expenditure

There are no material items of expense in relation to 2021/22 which are not disclosed elsewhere within the Statement of Accounts.

6. Events after the balance sheet date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 24 September 2021. Events that occur after this date are not reflected in the financial statements or notes.

7. Note to the expenditure and funding analysis

Adjustments from General and Navigation Fund to arrive at the Comprehensive Income and Expenditure Statement Amount

2019/20 Adjustments for capital purposes (Note 1) £000	2019/20 Net change for the pension's adjustments (Note 2) £000	2019/20 Other differences (Note 3) £000	2019/20 Total adjustments £000	Description	2020/21 Adjustments for capital purposes (Note 1) £000	2020/21 Net change for the pension's adjustments (Note 2) £000	2020/21 Other differences (Note 3) £000	2020/21 Total adjustments £000
38	162	7	207	Operations	51	83	(2)	132
24	191	(5)	210	Strategic Services	26	103	5	134
(5)	65	3	63	Chief Executive	4	37	1	42
0	(26)	0	(26)	Corporate Items	0	0	0	0
107	310	7	424	Broads Navigation Account	33	188	3	224
164	702	12	878	Net Cost of Services (subtotal)	114	411	7	532
0	269	0	269	Other income and expenditure from the Expenditure and Funding analysis	0	206	0	206
164	comprehensive Income and Expend Statement Surplus of Deficit on the		Navigation Fund surplus or deficit and comprehensive Income and Expenditure Statement Surplus of Deficit on the	114	617	7	738	

Note

- 1. Adjustments for capital purposes this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
 - Other operating expenditure adjusts for capital disposal with a transfer of income on disposal of assets and the amounts written off for those assets.
 - Financing and investment income and expenditure the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- 2. Net change for the removal of pension contribution and the addition of IAS 19 Employee Benefits pension related expenditure and income:
 - For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
 - For Financing and investment income and expenditure the net interest on the defined benefit liability is charged to the CIES.
- 3. Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statue including accumulated absences.

Income received on a segmental basis is analysed below:

Service	2019/20 Income from services (£000)	2020/21 Income from services (£000)
Operations	(723)	(567)
Strategic Services	(530)	(482)
Chief Executive	(38)	(22)
Corporate items	0	0
Specialist ringfenced account (navigation)	(3,692)	(3,540)
Total income analysed on a segmental basis	(4,983)	(4,611)

8a. Expenditure and income analysed by nature

The Authority's expenditure and income is analysed as follows:

Expenditure	2019/20 £000	2020/21 £000
Employee benefits expenses	5,647	5,388
Other services expenses	3,621	3,095
Depreciation, amortisation, impairment	452	347
Interest payments	42	29
Expenditure in relation to investment properties	0	0
Loss/(gain) on the disposal of assets	12	(9)
Total expenditure	9,774	8,850

Income	2019/20 £000	2020/21 £000
Fees, charges and other service income	(4,988)	(4,642)
Interest and investment income	(49)	(22)
Contributions from reserves	(497)	(383)
Government grants and contributions	(3,468)	(3,414)
Total income (subtotal)	(9,002)	(8,461)
Surplus or deficit on the provision of services	772	389

In addition to the amounts reported within the Comprehensive Income and Expenditure Statement the breakdown above also includes income and expenditure funded from the earmarked reserves.

8b. Revenue from contracts with service recipients

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

Contract Revenue	2019/20 £000	2020/21 £000
Revenue from contracts with service recipients	324	66
Total included in comprehensive income and expenditure	324	66

Amounts included in the Balance Sheet for contracts with service recipients

Outstanding Revenue	2019/20 £000	2020/21 £000
Receivables, which are included in debtors (Note 14)	14	0
Total included in net assets	14	0

9. 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.

2019/20 General fund and navigation fund £000	2019/20 Capital receipts reserve £000	2019/20 Movement in unusable reserves £000	Adjustments	2020/21 General fund and navigation fund £000	2020/21 Capital receipts reserve £000	2020/21 Movement in unusable reserves £000
			Adjustments primarily involving the Capital Adjustment Account:			
0	0	0	Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement: Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	0	0	0
		-	Donated Asset			0
(54)	0			0	0	0
392	0	(392)	Charges for depreciation and impairment of non-current assets	342	0	(342)
51	0	(51)	Revaluation losses on property, plant and equipment	(4)	0	4
9	0	(9)	Amortisation of intangible assets	9	0	(9)
16	0	(16)	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	21	0	(21)
10	0	(10)		21	0	(21)
(72)	0	72	Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement: Statutory provision for the financing of capital investment	(58)	0	58
(8)	0		Derecognition of finance lease liability	0	0	0
(170)	0	170	Capital expenditure charged against the General Fund	(197)	0	197
0	0	0	Adjustments involving the Capital Receipts Reserve: Cash receipts from disposal of investment property	0	0	0
			Adjustments involving the Pensions Reserve:			
1,715	0	(1,715)	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 31)	1,390	0	(1,390)
(744)	0	744	Employer's pension contributions and direct payments to pensioners payable in the year	(773)	0	
_			Adjustments involving the accumulated Absences Account:			
12	0	(12)	Adjustments in relation to short-term compensated absences	8	0	(8)
0	0	0	Adjustments involving the Capital Grant Unapplied Account: Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0
						(720)
1,147	0	(1,147)	Total adjustments	738	0	(738)

10. 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 2020/21. A description of each of the earmarked reserves follows in the table below.

Reserve Name	Balance at 31 March 2019 £000	Transfers in 2019/20 £000	Transfers out 2019/20 £000	Balance at 31 March 2020 £000	Transfers in 2020/21 £000	Transfers out 2020/21 £000	Balance at 31 March 2021 £000
Property	(570)	(93)	0	(663)	(68)	0	(731)
Plant, vessels and equipment	(275)	(173)	99	(349)	(121)	124	(346)
Premises	(196)	(83)	32	(247)	(1)	36	(212)
Planning delivery grant	(269)	(29)	78	(220)	(12)	4	(228)
Upper Thurne Enhancement Scheme	(120)	(26)	0	(146)	(25)	6	(165)
Section 106 Agreements	(103)	(6)	65	(44)	0	10	(34)
Heritage Lottery Fund	(90)	(522)	600	(12)	(565)	545	(32)
Catchment Partnership	(90)	(31)	46	(75)	(57)	57	(75)
CANAPE	(187)	(232)	107	(312)	(165)	86	(391)
Computer Software	(11)	(11)	0	(22)	(10)	1	(31)
UK National Park Communications	0	(28)	0	(28)	(147)	128	(47)
Match Funding	0	0	0	0	(46)	0	(46)
Total	(1,911)	(1,234)	1,027	(2,118)	(1,217)	997	(2,338)

Included in the closing balance of £2,338k, £952k relates to Navigation funded reserves.

Earmarked reserves

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 established to provide for the maintenance and development of the Authority's Dockyard facility and other buildings throughout the Broads.

Planning Delivery Grant

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

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.

Heritage Lottery Fund

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

Catchment Partnership

A reserve account set up to hold ring-fenced income from various partners within the Catchment Partnership.

CANAPE

A reserve account set up for European grant part funded project relating to the Creating A New Approach to Peatland Ecosystems.

Computer Software

A reserve account set up to provide for the ongoing replacement of Authority's Computer Software.

UK National Parks Communications

A reserve account set up to hold ring-fenced income from the 15 National Parks to fund the UK Communications Team.

Match Funding

A reserve account set up for European grant funded project EXPERIENCE.

11. Financing and investment income and expenditure

2019/20 £000	Expenditure and income detail	2020/21 £000
42	Interest payable and similar charges	28
269	Net interest on the net defined benefit liability (asset)	206
(49)	Interest receivable and similar income	(22)
262	Total	212

12. Property, plant and equipment

Movements on balances 2019/20

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 2019	2,893	3,459	302	323	60	7,037
Additions	0	125	13	0	32	170
Donated Assets	54	0	0	0	0	54
Revaluation increases/(decreased) recognised in the Revaluation reserve	112	(442)	0	0	0	(330)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the	(52)					
Provision of Services	(62)	(5)	0	0	0	(67)

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
Derecognition-disposals	0	(38)	0	0	0	(38)
At 31 March 2020	2,997	3,099	315	323	92	6,826

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 2019	52	2,038	238	0	0	2,328
depreciation charge	24	353	15	0	0	392
derecognition – disposals	0	(22)	0	0	0	(22)
depreciation written out to the Revaluation Reserve	(6)	(442)	0	0	0	(448)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(12)	(4)	0	0	0	(16)
At 31 March 2020	58	1,923	253	0	0	2,234

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
At 31 March 2020	2,939	1,176	62	323	92	4,592
At 31 March 2019	2,841	1,421	64	323	60	4,709

Movements on balances 2020/21

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 2020	2,997	3,099	315	323	92	6,826
Additions	0	174	0	0	128	302
Revaluation increases/(decreased) recognised in the Revaluation reserve	144	(73)	0	0	0	71
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1	0	0	0	0	1
Derecognition-disposals	(3)	(70)	0	0	0	(73)
Reclassification	0	92	0	0	(92)	0
At 31 March 2021	3,139	3,222	315	323	128	7,127

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 2020	58	1,923	253	0	0	2,234
depreciation charge	27	297	17	0	0	341
derecognition – disposals	(3)	(49)	0	0	0	(52)
depreciation written out to the Revaluation Reserve	(32)	(102)	0	0	0	(134)
At 31 March 2021	50	2,069	270	0	0	2,389

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
At 31 March 2021	3,089	1,153	45	323	128	4,738
At 31 March 2020	2,939	1,176	62	323	92	4,592

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. (The split between land and buildings is determined by the Authority's property consultant)	Between 5 to 50 years as per professional advice
Community Land	Not depreciated	Not depreciated
Infrastructure Asset	Straight line	Between 20 to 25 years
Vehicles, Vessels and Equipment	Straight line	Between 5 to 10 Years
Computer and Office Equipment	Straight line	5 years

Capital Commitments

The Authority has no capital commitments as at the balance sheet date.

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 current value is revalued every five years. Valuations were carried out internally and externally. Valuations of land and buildings were carried out externally by NPS Property Consultants Ltd, 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 current 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 and tear and obsolescence of the existing asset.
- 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.

Financial Year	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	33	323	128	484
Valued at current value as at 31 March 2021	560	272	0	0	0	832
31 March 2020	899	163	12	0	0	1,074
31 March 2019	1,378	236	0	0	0	1,614
31 March 2018	252	316	0	0	0	568
31 March 2017	0	166	0	0	0	166
Total cost or valuation	3,089	1,153	45	323	128	4,738

13.Inventories

Description	Consumable stores 2019/20 £000	Consumable stores 2020/21 £000	Maintenance materials 2019/20 £000	Maintenance materials 2020/21 £000	Total 2019/20 £000	Total 2020/21 £000
Balance outstanding at start of						
year	36	31	52	83	88	114
Purchases	24	30	144	113	168	143
Recognised as an expense in						
year	(29)	(22)	(113)	(123)	(142)	(145)
Written off balances	0	0	0	0	0	0
Balances outstanding at year end	31	39	83	73	114	112

14. Debtors

31 March 2020 £000	Debtor types	31 March 2021 £000
1,265	Trade receivables	73
825	Prepayments and accrued income	763
160	Other receivable amounts	123
2,250	Total	959

15. Cash and cash equivalents

The balance of cash and cash equivalents is made up of the following elements

31 March 2020 £000	Cash and cash equivalent types	31 March 2021 £000
2	Cash held by the Broads Authority	2
679	Bank current accounts	2,372
681	Total cash and cash equivalents	2,374

16.Creditors

31 March 2020 £000	Creditor types	31 March 2021 £000
279	Trade payables	199
2,301	Accruals and income in advance	1,385
202	Other payable amounts	216
2,782	Total	1,800

17. Provisions

2019/20 Accumulated absences provision £000	2019/20 Whitlingham Dilapidations provision £000	2019/20 Total £000	Description	2020/21 Accumulated absences provision £000	2020/21 Whitlingham Dilapidations provision £000	2020/21 Audit Fees provision £000	2020/21 Total £000
47	0	47	Balance at 1 April	60	47	0	107
60	47	107	Additional provisions made in year	67	0	40	107
(47)	0	(47)	Settlements or cancellation of provision made at end of proceeding year	(60)	0	0	(60)
60	47	107	Balance at 31 March	67	47	40	154

The Whitlingham Dilapidations Provision relates to end of lease dilapidations as assessed by Whitlingham Charitable Trust. COVID-19 the has delayed the settlement with the Trust.

The Audit Fee provision relates to the amount of fees EY would like the Authority to pay relating to the 2019/20 audit. The full amount has been disputed and will be determined by the PSAA.

For more information on the Accumulated Absence Account, see note 19.

18. Usable reserves

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

19. Unusable reserves

31 March 2020 £000	Description	31 March 2021 £000
1,771	Revaluation reserve	1,907
2,618	Capital Adjustment Account	2,571
(8,731)	Pensions Reserve	(13,061)
(60)	Accumulated Absences Account	(67)
(4,402)	Total unusable reserves	(8,650)

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.

2019/20 £000	Description	2020/21 £000
1,950	Balance at 1 April	1,771
132	Upward revaluation of assets	213
(14)	Downward revaluation of assets	(9)
	Surplus or deficit on revaluation of non-	
	current assets not posted to the Surplus or	
118	Deficit on Provision of Services (subtotal)	202
	Difference between current value	
(297)	depreciation and historical cost deprecation	(66)
	Amount written off to the Capital	
(179)	Adjustment Account (subtotal)	136
1,771	Balance at 31 March	1,907

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 current 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.

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 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2019/20 £000	Description	2020/21 £000
2,484	Balance at 1 April	2,618
0	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	0
(392)	Charges for depreciation and impairment of non-current assets	(342)
(51)	Revaluation losses on property plant & equipment	4
54	Movement in the Donated Assets	0
(9)	Amortisation of intangible assets	(9)
(16)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss in disposal to the comprehensive income and expenditure statement	(21)
297	Adjusting amounts written out of the revaluation reserve	66
(117)	Net written out amount of the cost of non-current assets consumed in the year (subtotal)	(302)
72	Capital financing applied in the year: Statutory provision for the financing of capital investment charges against the general fund removal of finance lease liability for assets returned in year	57

2019/20 £000	Description	2020/21 £000
9	Derecognition of finance lease liability	0
170	Capital expenditure charges against the General Fund	198
2,618	Balance at 31 March	2,571

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.

2019/20 £000	Description	2020/21 £000
(10,812)	Balance at 1 April	(8,731)
3,052	Remeasurements of the net defined benefit liability/(asset)	(3,713)
(1,715)	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	(1,390)
744	Employer's pension contributions and direct payments to pensioners payable in the year	773
(8,731)	Balance at 31 March	(13,061)

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.

2019/20 £000	Description	2020/21 £000
(47)	Balance at 1 April	(60)
47	Settlement or cancellation of accrual made at the end of the preceding year	60
(60)	Amounts accrued at the end of the current year	(67)
0	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	0
(60)	Balance at 31 March	(67)

20. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

2019/20 £000	Operating activity	2020/21 £000
(49)	Interest received	(29)
42	Interest paid	29
(7)	Net cash flows from operating activities	0

21.Cash flow statement – investing activities

2019/20 £000	Investing activity	2020/21 £000
(170)	Purchase of property, plant and equipment, investment property and intangible assets	(302)
(500)	Purchase of short-term investments	(1,001)
(2)	Proceeds from short term investments	2,000
(4)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	30
(676)	Net cash flows from investing activities	727

22.Cash flow statement – financing activities

2019/20 £000	Financing activity	2020/21 £000
0	Cash receipts of short- and long-term borrowing	105

2019/20 £000	Financing activity	2020/21 £000
(57)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(42)
(15)	Repayments of short- and long-term borrowing	(15)
(72)	Net cash flows from financing activities	48

23. Members' allowances

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

2019/20 £000	Member payment type	2020/21 £000
39	Allowances	40
7	Expenses	0
46	Total	40

24.Officers' remuneration

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

Job Title	Year	Salary, fees and allowances £000	Bonuses £000	Expenses allowances £000	Pension contribution £000	Total £000
Chief	2019/20	88	0	0	16	105
Executive	2020/21	91	0	0	16	107
Director of Strategic Services	2019/20 2020/21	59 62	0 0	0 0	11 11	70 73
Director of	2019/20	59	0	0	11	70
Operations	2020/21	62		0	11	73

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

Number of employees 2019/20	Remuneration amount band	Number of employees 2020/21
0	£50,000 - £54,999	0
2	£55,000 - £59,999	0
0	£60,000 - £64,999	2
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
0	£80,000 - £84,999	0
1	£85,000 - £89,999	0
0	£90,000 - £94,999	1

Exit packages

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 2019/20	Number of compulsory redundancies 2020/21	Number of other departures agreed 2019/20	Number of other departures agreed 2020/21	Total number of exit packages by cost band 2019/20	Total number of exit packages by cost band 2020/21	Total cost of exit packages in each band 2019/20 £000	Total cost of exit packages in each band 2020/21 £000
£0-£20,000	1	0	0	0	1	0	12	0
£20,001- £40,000	1	0	0	0	1	0	24	0
Total	2	0	0	0	2	0	36	0

The total cost in the table above for exit packages have been charges to the authority's comprehensive income and expenditure statement in the previous year.

25. 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. The additional fee in 2020/21 is being disputed, for further details please see note 17.

2019/20 £000	Type of external audit cost	2020/21 £000
11	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	51
11	Total	51

26.Grant income

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

2019/20 £000	Grant Name	2020/21 £000
	Credited to taxation and non-specific grant income:	
3,414	Defra National Park Grant	3,414
54	Donated Asset (Acle WC)	0
495	Credited to serves:	452
	Heritage Lottery Fund – Landscape Partnership Scheme	
95	CANAPE - ERDF	163
24	Defra Environment Land Management Scheme	33
26	Water Environment Grant	15
0	Covid-19 Business Grant	20
4,108	Total	4,097

27. 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.

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 23.

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 Andrew Hamilton is a member of the Navigation Committee and is Director of 'Eastwood Whelpton Ltd'. Eastwood Whelpton Ltd paid £9,986 (£10,989 2019/20) navigation tolls to the Broads Authority in 2020/21.

Mr James Knight is a member of the Broads Authority and Planning Committee and is a Director of 'Waveney River Centre (2003) Ltd'. Waveney River Centre (2003) Ltd paid £16,177 (£18,032 2019/20) navigation tolls to the Broads Authority in 2020/21. The Authority also made fuel purchases of £383 (£1,294 in 2019/20) and used mooring facilities of £2,500 during 2020/21 which were prepaid in advance (£2,400 2019/20). No amounts were outstanding at 31 March 2021. Mr Knight is also Director of 'Norfolk Broads Direct' who paid £127,063 navigation tolls in 2020/21. Mr Knight took no part in the decision-making process associated with these contracts.

Mr Greg Munford is a member of the Broads Authority, Navigation Committee and Audit & risk Committee and is Director of 'Richardsons Leisure Ltd'. Richardsons Leisure Ltd and 'Horning Pleasurecraft Ltd' paid £342,276 (£384,802 2019/20) navigation tolls to the Broads Authority in 2020/21. Richardson Leisure Ltd also provided the Authority their animations for use in the Broads online safety videos. These were provided free of charge.

Mr Simon Sparrow is a member of the Broads Authority and Navigation Committee and is Director of 'Hippersons Boatyard Ltd'. Hippersons Boatyard Ltd paid £4,674 (£4,652 2019/20) navigation tolls to the Broads Authority in 2020/21. The Authority also made fuel purchases of £72 during 2019/20 but none in 2020/21. Mr Sparrow 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 24.

Whitlingham Charitable Trust

During 2019/20 Authority provided administration services for Whitlingham Charitable Trust of £36,632. This arrangement came to an end on 31 March 2020. The balance outstanding at 31 March 2020 was £6,953.

The Broads Authority provided a recharge service for purchase invoices and salaries of £1,058 (£72,832 in 2019/20). The balance outstanding at 31 March 2021 was £72 (£6,914 at 31 March 2020).

The Whitlingham Charitable Trust also invoiced the Authority £864 (£864 in 2019/20) for rental income for moorings. No amounts were outstanding at 31 March 2021 (£864 in 2019/20).

During 2019/20 The Whitlingham Charitable Trust also invoiced the Authority £15,880 for rental income for the lease of the visitor centre and moorings, and £4,339 for income collected on behalf of the Trust. The lease for the visitor centre and the collection of income on behalf of the Trust ceased on 31 March 2020 at the same time as the administration services. The balance outstanding at 31 March 2020 was £864.

Birketts LLP

Birketts LLP provides legal services to the Broads Authority. The Authority paid £98,169 for legal services in 2020/21 (£54,866 2019/20). No amounts were outstanding at 31 March 2021 (£8,656 2019/20). Steven Bell is a Senior Associate at Birketts LLP and served as Monitoring Officer to the Broads Authority until June 2020.

Other Public Bodies

East Suffolk Council provides Hilary Slater who serves as Monitoring Officer to the Broads Authority. Hilary Slater replaced Steven Bell and was appointed in June 2020. East Suffolk Council recharges the Authority for this service and paid £12,449 in 2020/21. £2,277 was outstanding at 31 March 2021.

The Authority recharged Broadland District Council for staff time of £4,260 during 2020/21 (£5,667 in 2019/20). No amounts were outstanding at 31 March 2021 (Nil 2019/20).

Norfolk County Council provides legal services to the Broads Authority via its legal practice, NPLaw. The Authority paid £22,638 for legal services in 2020/21 (£34,155 in 2019/20). £2,575 was outstanding at 31 March 2021 (£1,491 2019/20).

Norfolk County Council also provides payroll services to the Broads Authority. The Authority paid £5,519 for this in 2020/21 (£9,291 in 2019/20). No amounts were outstanding at 31 March 2021 (£2,295 2019/20).

The Authority recharged Norfolk County Council for staff time of £1,295 during 2020/21 (£2,520 in 2019/20). No amounts were outstanding at 31 March 2021 (Nil 2019/20).

28. 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.

2019/20 £000	Description	2020/21 £000
294	Opening Capital Finance Requirement	222
224	Capital investment: Property, plant and equipment	302
	Sources of finance Sums set aside from revenue:	
(170)	Direct revenue contributions	(198)
(54)	Donated Asset	0
(72)	MRP	(57)

2019/20 £000	Description	2020/21 £000
222	Closing capital finance requirement	269
(72)	Explanation of movements in year Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	47
(72)	Increase/(decrease) in capital financing requirement	47

29. 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:

2019/20 £000	Asset Type	2020/21 £000
0	Other Land and Buildings	0
128	Vehicles, Plant, Furniture and Equipment	85
128	Total	85

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:

2019/20 £000	Time periods	2020/21 £000
43	Finance lease liabilities (net present value of minimum lease payments): Current	43
72	Non-current	29
4	Finance costs payable in future years	2
119	Minimum lease payments	74

Time periods	Minimum lease payments 31 March 2020 £000	Minimum lease payments 31 March 2021 £000	Finance lease liabilities 31 March 2020 £000	Finance lease liabilities 31 March 2021 £000
Not later than one year	45	45	43	43
Later than one year and not later than 5 years	74	29	72	29
Later than 5 years	0	0	0	0
Total	119	74	115	72

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

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 2020/21, no (£nil) contingent rents were payable by the Authority (2019/20 £nil).

Operating Leases

The Authority has also established operating leases in relation to land and buildings with typical lives between 5 and 20 years. The future minimum lease payments due under noncancelable leases in future years are:

2019/20 £000	Time period	2020/21 £000
141	Not later than one year	138
280	Later than one year and not later than 5 years	163
207	Later than 5 years	190
628	Total	491

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

2019/20 £000	Expenditure	2020/21 £000
162 Minimum lease payments		161
162	Total	161

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:

2019/20 £000	Time Period	2020/21 £000
0	Not later than one year	2
0	Later than one year and not later than 5 years	6
0	Later than 5 years	1
0	Total	9

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.

30. Termination benefits

The Authority terminated the contracts of two employees who were made redundant at the beginning of 2019/20 as part of the Broads Authority's organisational restructuring. In terminating these contracts, the Authority incurred liabilities of £36,315, of which £nil related to enhanced pension benefits. No additional liabilities relating to termination benefits were incurred during 2019/20 and 2020/21 and no provision for any future redundancy payments was established in the year.

31. 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 during the year:

2019/20 £000	Transaction	2020/21 £000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
1,493	current service cost	1,184
(47)	past service cost	0
	Financing and investment income and expenditure	
269	net interest expense	206
	Total post-employment benefits charged to the surplus or	
1,715	deficit on the provision of services	1,390
	Other post-employment benefits charged to the	
	Comprehensive Income and Expenditure Statement:	
2,276	 return on plan assets (excluding the amount 	(5 <i>,</i> 588)
	included in the net interest expense)	
(996)	 actuarial gains and losses arising on changes in 	451
	demographic assumptions	
(3,145)	 actuarial gains and losses arising on changes in 	9,189
	financial assumptions	
(1,187)	other experience	(339)
	Total post-employment benefits charged to the	
(3,052)	Comprehensive Income and Expenditure Statement	3,713
	Movement in Reserves Statement	
	 reversal of net charges made to the surplus or 	
	deficit on the provision of services for post-	
1,715	employment benefits in accordance with the Code	1,390
	Actual amount charged against the General Fund balance	
	for pensions in the year:	
(744)	 employers' contributions payable to scheme 	(773)

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:

2019/20 £000	Туре	2020/21 £000
(33,852)	Present value of the defined benefit obligation	(44,513)
25,121	Fair value of plan assets	31,452
(8,731)	Net liability arising from defined benefit obligation	(13,061)

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

2019/20 £000	Movements	2020/21 £000
26,828	Opening fair value of scheme assets	25,121
644	Interest income	579
(2,276)	 Remeasurement gain / (loss): The return on plan assets, excluding the amount included in the net interest expense 	5,588
744	Contributions from employer	773
222	Contributions from employees into the scheme	230
(1,041)	Benefits paid	(839)
25,121	Closing fair value of scheme assets	31,452

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

2019/20 £000	Movements	2020/21 £000
37,640	Balance at 1 April	33,852
1,493	Current service cost	1,184
913	Interest cost	785
222	Contributions from scheme participants	230
(996)	 Remeasurement (gains) and losses: Actuarial gains / losses from changes in demographic assumptions 	451
(3,145)	 Actuarial gains / losses arising from changes in financial assumptions 	9,189
(1,187)	• Other	(339)
(47)	Past Service Cost	0
(1,041)	Benefits paid	(839)
33,852	Balance at 31 March	44,513

Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2019/20 £000		9/20 £000		Fair value of scheme assets 2020/21 £000		/21 £000
Quoted prices in active markets	Quoted prices not in active markets	Total	Asset type	Quoted prices in active markets	Quoted prices not in active markets	Total
-	664.6	664.6	Cash and cash equivalents: • All cash and cash equivalents	490.6	-	490.6
930.9 738.1 225.1 631.0 583.1 775.3		930.9 738.1 225.1 631.0 583.1 775.3	Equity instruments: • Consumer • Manufacturing • Energy and utilities • Financial institutions • Health and care • Information technology			- - - - -
0.4	-	0.4 - - 291.9	 Other Bonds (Debt securities): Corporate bonds (investment grade) Corporate bonds (non-investment grade) UK Government 	- - 358.0		- - 358.0
-	1,511.8	1,511.8	Private equity: • All private equity	-	1,995.6	1,995.6

Fair value of so	Fair value of scheme assets 2019/20 £000		ets 2019/20 £000 F		Fair value of scheme assets 2020/21 £000		
-	2,161.5 495.0	2,161.5 495.0	Property: • UK property • Overseas property	-	2,501.0 636.1	2,501.0 636.1	
7,260.7 8,185.2 -	- - 701.6 -	7,260.7 8,185.2 701.6	Other investment funds and unit trusts: Equities Bonds Infrastructure Other 	14,016.6 9,337.5 -	- - 1,989.2 115.8	14,016.6 9,337.5 1,989.2 115.8	
- - 19,621.7	- (35.2) 5,499.3	- (35.2) 25,121.0		- 11.6 24,214.3	- - 7,237.7		

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 2019.

31 March 2020	Assumption	31 March 2021
	Long term expected rate of return on assets in the	
	scheme:	
2.3%	Equity investments	2.0%
2.3%	Bonds	2.0%
2.3%	Property	2.0%
2.3%	• Cash	2.0%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.7 years	• Men	21.9 years
23.9 years	• Women	24.3 years
	Longevity at 65 for future pensioners:	
22.8 years	• Men	23.2 years
25.5 years	• Women	26.2 years
1.9%	Rate of inflation	2.85%
2.6%	Rate of increase in salaries	3.55%
1.9%	Rate of increase in pensions	2.85%
2.3%	Rate for discounting scheme liabilities	2.0%
	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 principal assumptions used by the actuary have been:

*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.

Change in assumptions at 31 March 2021	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	10%	4,445
1-year increase in member life expectancy	3-5%	Dependent on revised assumption
0.5% increase in the salary increase rate	1%	326
0.5% increase in the pension increase rate	9%	4,034

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

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 (51% of scheme assets) and bonds (31%). 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 2022.

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 £760,000 to the scheme in 2021/22.

32. Contingent Liabilities

The Authority has identified one material contingent liability:

Postwick Tip

The Authority uses a site "Postwick Tip," which is included in the Authority's Fixed Asset Register, for the treatment of sediment material from dredging operations. This natural treatment process involves the drying of sediment so that mercury content is absorbed. As such there would be no clean-up costs at the end of the site's life. However, if the Authority were to stop using the site, there would be a cost of £33,000 to surrender the license. There is currently no expectation that the Authority will cease using the site. The Authority's use of the site is the subject of a bond / financial provision to the Environment Agency in the amount of £6.4m. This covers the estimated cost of restoration which could arise if there were to be a catastrophic event at the site. Defra are the guarantors for this bond and the Authority would not itself anticipate making any payment under the terms of this agreement.

33. Financial Instruments

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

Financial Assets

Туре	Non-Current Investments 31 March 2020 £000	Non-Current Investments 31 March 2021 £000	Non- Current Debtors 31 March 2020 £000	Non- Current Debtors 31 March 2021 £000	Current Investments 31 March 2020 £000	Current Investments 31 March 2021 £000	Current Debtors 31 March 2020 £000	Current Debtors 31 March 2021 £000	Total 31 March 2020 £000	Total 31 March 2021 £000
Amortised Cost	0	0	0	0	4,689	5,375	2,015	722	6,704	6,097
Total financial assets	0	0	0	0	4,689	5,375	2,015	722	6,704	6,097
Non- financial assets	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	4,689	5,375	2,015	722	6,704	6,097

Financial Liabilities

Туре	Non- Current Borrowings 31 March 2020 £000	Non- Current Borrowings 31 March 2021 £000	Non- Current Creditors 31 March 2020 £000	Non- Current Creditors 31 March 2021 £000	Current Borrowings 31 March 2020 £000	Current Borrowings 31 March 2021 £000	Current Creditors 31 March 2020 £000	Current Creditors 31 March 2021 £000	Total 31 March 2020 £000	Total 31 March 2021 £000
Amortised Cost	167	193	0	0	57	78	2,740	1,757	2,964	2,028
Total financial liabilities	167	193	0	0	57	78	2,740	1,757	2,964	2,028
Non- financial liabilities	0	0	0	0	0	0	0	0	0	0
Total	167	193	0	0	57	78	2,740	1,757	2,964	2,028

Income, Expense Gains and Losses

Interest Type	Surplus or Deficit on the Provision of Services 2019/20 £000	Other Comprehensive Income and Expenditure 2019/20 £000	Total 2019/20 £000	Surplus or Deficit on the Provision of Services 2020/21 £000	Other Comprehensive Income and Expenditure 2020/21 £000	Total 2020/21 £000
Interest Expense	42	0	42	29	0	29

Interest Type	Surplus or Deficit on the Provision of Services 2019/20 £000	Other Comprehensive Income and Expenditure 2019/20 £000	Total 2019/20 £000	Surplus or Deficit on the Provision of Services 2020/21 £000	Other Comprehensive Income and Expenditure 2020/21 £000	Total 2020/21 £000
Interest Income	(49)	0	(49)	(22)	0	(22)

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. These valuations are all classified as Level 2, where market prices are not available, with valuation techniques using inputs based significantly on observable market data. The following assumptions should be noted:

- Fixed interest rate of 4.82% over the 20-year PWLB loan;
- Fixed interest rate of 2% over the 5-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:

Financial Liabilities held at amortised cost:	31 March 2020 Carrying Amount £000	31 March 2020 Fair Value £000	31 March 2021 Carrying Amount £000	31 March 2021 Fair Value £000
PWLB	109	130	199	221
Finance Leases	115	115	72	72
Short Term Creditors	2,740	2,740	1,757	1,757
Total	2,964	2,985	2,028	2,050

The fair value of borrowings is higher than the carrying amount because the authority's PWLB loan is at a fixed interest rate where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions as at 31 March 2021) arising from a commitment to pay interest to lenders above the current market rate. Refinancing the loan at lower interest rates would outweigh the early repayment fee.

Financial assets held at amortised cost:	31 March 2020 Carrying Amount £000	31 March 2020 Fair Value £000	31 March 2021 Carrying Amount £000	31 March 2021 Fair Value £000
Fixed term investments	4,010	4,010	3,003	3,003
Cash at banks	679	679	2,372	2,372
Short Term debtors	2,015	2,015	722	722
Total	6,704	6,704	6,097	6,097

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

34. Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

Credit Risk: The possibility that other parties might fail to pay amounts due to the Authority.

Liquidity Risk: The possibility that the Authority might not have funds available to meet its commitments to make payments.

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 in line with the 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 2021 for which a bad debt provision had not been put in place.

Liquidity Risk

A one-year funding agreement from DEFRA means the Broads Authority has some certainty over 2021/22. Longer term uncertainty still remains and future changes in government brings further uncertainty whether future multi-year funding will be available. 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 to five years 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 2021/22 states that if the Authority enters into any contractual arrangements above £100,000 which involve foreign currency, the advice of the Chief Financial Officer will be sought on the advisability of hedging the exchange risk before entering into the contract.

35. Navigation Income and Expenditure Account

2019/20 Gross expenditure £000	2019/20 Income £000	2019/20 Net expenditure/ (income) £000	Description	2020/21 Gross expenditure £000	2020/21 Income £000	2020/21 Net expenditure/ (income) £000
2,587	(87)	2,500	Operations	2,366	(19)	2,347
580	(160)	420	Strategic Services	488	(128)	360
700	(14)	686	Chief Executive	710	(8)	702
17	0	17	Corporate Items	49	0	49
0	(3,431)	(3,431)	Navigation Income (Tolls)	0	(3,385)	(3,385)
3,884	(3,692)	192	Cost of services (subtotal)	3,613	(3,540)	73
		(4)	(Gains)/Losses on the disposal of non-current assets			2
		123	Financing and investment income and expenditure			102
		(54)	Donated Asset			0
		257	(Surplus) or deficit on provision of services (subtotal)			177
		(96)	(Surplus) or deficit on revaluation of fixed assets			(190)
		(1,350)	Actuarial (gains)/losses on pension assets/liabilities			1,695
		(1,446)	Other comprehensive income and expenditure (subtotal)			1,505
		(1,189)	Total comprehensive income and expenditure			1,682

36. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2023, management of the Authority have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Navigation Fund	Earmarked reserves
31/03/21	£0.892m	£0.895m	£2.338m

Our expected General/Navigation Fund and Earmarked Reserve position has a predicted balance of £1.098 million and £2.113 million at 31 March 2023 This remains above our minimum level of balances as previously set by our CFO of £0.837 million.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing.

The key assumptions within this forecast include a 2% pay increase for 2021/22 and 2022/23, as negotiated by the National Joint Council (NJC). We have considered if a higher increase is negotiated above 2%, and the above projections would not be significantly affected with both minimum levels of reserves and liquidity remaining through the same period.

On this basis, the Authority have a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

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 lower 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.

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.

las19 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.

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'.



Audit and Risk Committee

21 September 2021 Agenda item number 12

Corporate Partnerships Register- update

Report by Head of Governance

Summary

The Broads Authority maintains a register of its key partnerships with external organisations. The latest Corporate Partnerships Register is appended to this report. It will be presented to the full Authority in November.

Recommendation

To note the report.

1. Corporate partnerships

- 1.1. The Broads Authority works in partnership with a wide range of organisations to meet its statutory purposes and deliver the <u>strategic objectives</u> for the Broads.
- 1.2. These partnerships add value to the Authority's work by helping us to:
 - coordinate and increase project delivery, access new resources, achieve economies of scale and reduce waste and duplication;
 - tackle complex, cross-sector and Broads-wide issues and share risks;
 - build understanding and relationships between different organisations and sectors, and with our stakeholders and local communities;
 - develop new ideas and ways of working; and
 - hold greater influence together than as individual partners.
- 1.3. A 'partnership' refers to an arrangement involving the Authority and one or more external organisations, from any sector, who share responsibility for agreeing and implementing actions to meet common goals. Within each partnership, partners agree a formal structure or identifiable working process, contribute to objectives, share any risk in proportion to the benefits each receives, and share information.
- 1.4. In this context, a partnership does not include a traditional contractual arrangement where the delivery of a service or project has been awarded to a contractor (with or without a competitive tendering process), or to groups of elected members or officers from local authorities and others who come together to discuss strategy or

policy. It also excludes ongoing day-to-day contact with statutory agencies whose responsibilities impact on or link closely to our work, such as Natural England or the Environment Agency. That said, there are occasions when the relationship with such bodies may constitute a partnership arrangement.

2. Partnerships protocol

- 2.1. The Authority will only enter into a formal partnership arrangement if it is able to invest the staff time, assets, knowledge and funding to play a full and constructive role. Before entering into a new arrangement, it will make sure that:
 - the partnership's aims and objectives are clear, and it can be shown how they contribute to the Authority's statutory purposes and objectives;
 - there are clear terms of reference setting out how the partnership proposes to achieve its objectives;
 - the financial responsibilities of the respective parties are clearly established;
 - the partnership represents value for money, and the Authority could not achieve the same outcome more cost effectively;
 - there is a clear exit strategy should the partnership fail to meet its objectives;
 - there is a nominated responsible officer for the Authority; and
 - the need for member involvement in any Partnership Board is considered.
- 2.2. Management Team approval, and full Authority approval in some cases, will be obtained before entering into a new partnership agreement.

3. Corporate Partnerships Register

- 3.1. The Register gives details for each partnership including purpose, partners and lead Authority officer, perceived benefits, duration, financial arrangements and tasks. Associated risks and mitigation measures are noted in our Corporate Risk Register or operational level Directorate Risk Registers.
- 3.2. The Management Team reviews the Register on a regular basis, and may also commission an evaluation of the internal management and governance arrangements in place for any partnership.
- 3.3. Having reviewed the Register in autumn 2021, the Management Team considers that all partnerships are meeting their original aims and objectives, internal management and governance arrangements are adequate and appropriate, and the partnerships represent value for money. The updated Register is at Appendix 1 to this report. It will be presented to the full Authority in November, together with any comments from the Audit and Risk Committee.

Author: Maria Conti

Date of report: 8 September 2021

Broads Plan objectives: All

Appendix 1 – BA Corporate Partnerships Register (Nov 2021)

Appendix 1

Corporate Partnerships Register

The register at Table 1 shows the Broads Authority's corporate partnership arrangements with external organisations. A 'partnership' in this context refers to an arrangement involving the Authority and one or more external organisations, from any sector, who share responsibility for agreeing and implementing actions to meet common goals.

Within each partnership, partners agree a formal structure or identifiable working process, contribute to objectives, share any risks in proportion to the benefits each receives, and share information and good practice. Any significant identified risks to the Authority associated with these partnerships are noted in our Corporate Risk Register or relevant Directorate Risk Registers.

Table 1

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
ANT BROADS AND MARSHES SSSI RESTORATION PROJECT Purpose: To monitor and model water and restore fen to enhance habitat quality across Sutton Fen (RSPB), Catfield Fen (Butterfly Conservation), the How Hill National Nature Reserve (Broads Authority) and Barton Broad National Nature Reserve (NWT). Partners: BA, RSPB, Butterfly Conservation, Norfolk Wildlife Trust	Critical work to prevent loss of more than 5,000 fen orchid plants and continued loss of fen habitat that supports most of UK conservation priority species associated with this habitat, including fen orchid and swallowtail butterfly.	To Dec 2021	£300k grant from European Agricultural Fund for Rural Development – Water Environment Grant and Biffa funding. BA to receive £50,749.55 grant.	Carry out agreed activities and submit claims in accordance with agreed schedule.

Corporate Partnerships Register (reported to ARC 21/9/21 and BA 19/11/21)

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
BA lead officer: Environment Policy Advisor			BA cash financial contribution is zero.	
ASSOCIATION OF INLAND NAVIGATION AUTHORITIES (AINA)	Gives collective voice greater than sum of	Ongoing	BA contribution £3,400 in 2020/21	Represent issues for Broads navigation
Purpose : Represents the collective views of navigation authorities to Government, regulators, other policy makers, funders and stakeholders. Provides information, advice and good practice for managing, operating and developing inland waterways for navigation and wider use.	constituent members, such as access to senior DEFRA officials and chance to influence policy and regulations.			
Partners : 18 partners including the Canal & River Trust, Environment Agency, BA and National Park Authorities, local government authorities, private canal companies, internal drainage boards, public and charitable trusts.				
BA lead officer: Director of Operations				
BROADLAND CATCHMENT PARTNERSHIP	Supports catchment-wide	Ongoing	BA contribution	Coordinate
Purpose : Steers a catchment approach to source funding, agree targets and deliver practical projects in collaboration. It is an informally constituted partnership.	project planning and delivery. Partner activities can be co-ordinated to achieve greater impact with collective ability to		approximately £17k p.a. in officer time	partnership
Partners : BA, Norfolk Rivers Trust, Environment Agency, Natural England, Water Management Alliance, Anglian Water, Essex & Suffolk Water,	meet catchment water management challenges.			

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
NFU, RSPB, Country Land & Business Association, Norfolk Farming & Wildlife Advisory Group				
BA lead officer: Catchment and Farming Officer				
BROADLAND FUTURES INITIATIVE	Coordination of partner	Ongoing	Small financial	Chair partnership
Purpose : To develop the future management of flood risk in the Broads area.	activities to achieve greater impact, with collective ability to meet flood risk management challenges.		contribution each year to facilitate meetings.	meetings, provide comms support, review technical
Partners : BA, Environment Agency, Natural England, NFU, RSPB, Norfolk County Council, Suffolk County Council, Water Management Alliance, Coastal Partnership East			incetings.	information and provide data and guidance.
BA lead officer: Director of Strategic Services				
BA members: Matthew Bradbury (Matthew Shardlow as reserve) on Elected Members' Forum				
BROADS BEAT	Operational benefits to BA	Ongoing	Primarily financed	Provide Ranger
Purpose : Dedicated Police presence for the Broads alongside BA patrols to ensure safety and security on the Broads.	Rangers through practical day-to-day liaison with local Police.		by Norfolk Constabulary. Additional funding discretionary for al	assistance to Broads Beat patrols.
Partners : Norfolk Constabulary (lead partner), BA, Environment Agency			other sponsors. BA contribution	
BA lead officer : Head of Ranger Services			£2,500 p.a. (2019/20*) plus officer time to assist Broads Beat patrols.	

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
			(*not charged 2020/21)	
 BROADS BIODIVERITY PARTNERSHIP Purpose: To steer biodiversity delivery to source funding, agree targets and deliver practical projects in collaboration. It is an informally constituted partnership. Partners: BA, Norfolk Rivers Trust, Environment Agency, Natural England, Water Management Alliance, Anglian Water, Essex & Suffolk Water, RSPB, Norfolk Farming & Wildlife Advisory Group, Norfolk Coast AONB, Norfolk Wildlife Trust, Suffolk Wildlife Trust, Butterfly Conservation, Dragonfly Society, Norfolk Flora Group BA lead officer: Environment Policy Adviser 	Supports nature recovery project planning and delivery. Partner activities can be co-ordinated to achieve greater impact, with collective ability to meet nature recovery challenges. Joint ownership and updating of Broads Biodiversity and Water Strategy and Action Plan.	Ongoing	Small financial contribution each year to facilitate meetings. Officer time (chairing meeting, updating BBW Strategy and Action Plan)	Review annual action plan. Hold partnership meetings every 3-4 months.
 BROADS LANDSCAPE PARTNERSHIP Purpose: To deliver the Water, Mills and Marshes Landscape Partnership Scheme. Partners: BA, Broads Society, Broads Tourism, City College Norwich, Easton and Otley College, Farm Conservation Limited, Great Yarmouth Preservation Trust, New Anglia LEP, Natural England, Norfolk County Council, Norfolk 	In return for proportionately small BA contribution, the area receives significant funding to make a real impact. The multi-partner, multi-project programme benefits local communities and area's	To 31 Dec 2022	Total budget of £2.6m funded by National Heritage Lottery Fund, with additional income of £525k to be funded by third parties.	Administer partnership through Project Manager.

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks	
Windmills Trust, RSPB, Voluntary Norfolk, WLMA, Workers' Educational Association	local natural, cultural and social heritage.		BA contribution is £300k from		
BA lead officer: Director of Operations			2015/16-2020/21.		
BROADS TOURISM (Visit the Broads)	Supports coordinated	Ongoing	BA provides in-kind	Provide admin	
Purpose : To develop and promote a high quality and environmentally-friendly tourism industry in the Broads, fulfilling the BA's second statutory purpose and the duty to foster the economic and social well-being of those who live and work in the Broads.	approach to working with tourism businesses and promoters to encourage and manage common messages and sustainable tourism in the Broads.		administrative support to Broads Tourism board, as well as occasionally producing publications and attending shows or	support for meetings and comms support as required. Attend Board meetings in advisory	
Partners : Local tourism businesses and promoters, BA			other promotional events.	capacity, manage website and Broads National Park social	
BA lead officer: Head of Communications				media accounts,	
BA members : Paul Hayden				work with DMOs, provide support to promote area to visitors.	
CANAPE	Project falls within	To March	BA to receive	Hold steering group	
Purpose : Creating a new approach to peatland ecosystems (EU Interreg North Sea Region project).	overarching purpose of creating a sustainable20North Sea Region,ag	creating a sustainable North Sea Region,	2023 (extension agreed by partnership,	c.€729,508 EU grant benefit from project budget of €1.459m.	meeting twice a year.
Partners : BA (lead partner), VHL University of Applied Sciences (NL), Waterschap Hunze En Aas	change and preserving the environment.	still to be formally endorsed as	In 2020/21 project funded from existing CANAPE		

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
(NL), Naturstyrelsen (DK), Natuurpunt Beheer VZW (BE), Landkries Diepholz (DE) BA lead officer : Director of Strategic Services	Funding makes significant difference to BA's ability to sustain the natural environment, ecosystems and landscape in the Hickling Broad area.	part of project modification)	reserve with no additional contribution. Officer time and equipment provided as required match funding.	
 ELECTRIFYING THE BROADS Purpose: To carry out a feasibility study into the infrastructure requirements for fully electric hire cruisers to operate on the Broads. Partners: BA, Ren Energy Ltd, Norfolk Broads Direct Ltd, Net-Zero East, Hethal Innovation BA lead officer: John Packman 	Bringing expertise and stakeholders together to develop solutions to facilitate greener boating.	To 31 March 2022. May bid for extra funding if feasibility study shows potential for prototyping and roll out.	Project funded by Department for Transport through UK Research & Innovation (UKRI). BA match funding is in staff time.	Carry out mapping, provide policy context and planning information.
 EXPERIENCE Purpose: EU Interreg project to develop and promote 'experiential tourism' to extend the visitor season and attract new visitors. Partners: Norfolk County Council (lead partner), 14 partners in France and UK (Norfolk, Kent, Cornwall, Pas-de-Calais, Compiègne, Brittany) BA lead officer: Head of Communications 	Develops English National Park Experience Collection projects locally, supported by local accommodation providers. Immersive experiences tell the story of our unique landscapes, the people who live there and their history and culture.	Bid successful in July 2019, cooperation agreement with NCC signed in Sept 2020.	Overall value is €23.3m. BA budget is £254k over life of project, with £167k from EU.	Hold quarterly steering group meetings. Oversee and manage three projects: Broads Experiences, Broads National Park display at Norwich Forum

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
		Project to run to March 2023.		and Broads National Park signage.
FARMING IN PROTECTED LANDSCAPES Purpose: The programme, developed by Defra, and delivered locally through the Broads Authority and Norfolk Coast AONB, supports farmers and land managers in carrying out projects that support the natural environment, mitigate the impacts of climate change, provide public access opportunities or support nature- friendly, sustainable farm businesses. Partners: Norfolk Coast AONB.	The funding will pay for projects, on one landholding or across a number of holdings, which provide direct benefits to the Broads.	Applications for the first year of funding should be made between 1 July 2021 and 31 January 2022 (year	Overall value for 2021/22 allocation is £280,661 for the Broads. Land Management Board will act as FiPL grant decision making board with specific Terms of Reference	Comply with the National Framework. Hold regular Local Assessment Panels. Report monthly to DEFRA.
The Local Assessment Panel includes representatives of the farming and land-owning community, environmental NGOs, the Broads Authority, the Norfolk Coast Partnership and Natural England.		1). The funding has not yet been guaranteed by DEFRA for year 2 and year 3.		

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
BA lead officer: Catchment and Farming Officer				
GENERATION GREEN PROJECT Purpose: DEFRA GRCF project to reconnect young people with the natural environment and protected landscapes. The BA will deliver hands on engagement, volunteering and training opportunities to local schools, youth groups and visiting residential groups to raise involvement with and awareness of the Broads. Partners: Access Unlimited Coalition comprising YHA, FSC, Outward Bound Trust, Scouts, Girlguiding, English NPA. BA lead officer: Education Officer	Supports 25-year Environment Plan to sustain and build capacity in the sector. First step in Government support for Landscapes Review recommendation that every child should spend a night under the stars in a National Landscape.	March 2020 to 31 March 2022	Overall budget is £2.5m; BA budget is £50,716	ENP Project Officer to hold monthly meetings with Access Unlimited Coalition partners; BA to feed back to ENP Generation Green Project manager on monthly basis.
 NATIONAL PARKS ENGLAND Purpose: Association of the authorities that look after the 10 National Parks in England. Partners: English National Park Authorities and BA BA lead officer: Chief Executive sits on NPE Chief Executive's Group. BA members: BA Chair sits on NPE Chairs' Group 	Provides a collective voice for English National Parks to coordinate interaction with the Government, develop policy positions and work with other agencies. Raises the national and international profile of the National Parks family.	Ongoing	BA contribution is £21,300 in 2021/22	None
NATIONAL PARKS PARTNERSHIP	Brings in additional funding, corporate	Ongoing	BA contribution is £8,500 in 2021/22	None

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
 Purpose: Limited Liability Partnership (LLP) set up to pursue engagement of the UK National Parks family with the corporate sector. Partners: UK National Park Authorities and BA BA lead officer: Chief Executive 	support and a raised profile to the Broads as a member of the National Parks family.			
 NATIONAL PARKS UK COMMUNICATIONS TEAM Purpose: National promotion and branding of UK National Parks and BA Partners: UK National Park Authorities, National Park Partnerships and BA BA lead officer: Head of Communications 	Raises the profile of National Parks with the public through a jointly funded Communications Team, based with the Broads Authority.	Until 2022/23	Funding from 15 UK National Parks and from National Parks Partnerships. BA contribution in 2021/22 is £6,073. This replaces NPUK subscription; BA also employs two officers as benefit in kind.	Keep Chairs and Chief Executives informed of progress; host and line manage team; lead on strategic planning for team activity through Heads of Comms Steering Group.
NORFOLK AND SUFFOLK BROADS CHARITABLE TRUST ('The Broads Trust') Purpose: Fundraising charity to stimulate and support sustainable and high qualities projects in the Broads with clear public and community benefits. Partners: Trustees BA lead officer: Director of Strategic Services	The Trust manages the 'Love the Broads' visitor giving scheme and promotes sustainable improvements to benefit the Broads.	Ongoing	Fundraising charity; in kind support from BA officers	Provide officer support, particularly in respect of bidding for external funding.

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
BA members: Paul Hayden, Simon Roberts				
RIVER WENSUM STRATEGY PARTNERSHIP Purpose: To promote the regeneration and management of the River Wensum in Norwich Partners: Norwich City Council, Norfolk County Council, Environment Agency, Norwich HEART, Norwich Society, BA BA lead officer: Director of Strategic Services. Delivery Board attended by Waterways & Recreation Officer.	Coordinated management of River Wensum. Opens up opportunities for funding and supports partnership working on cross-party issues such as access/mooring improvements and dealing with anti-social behaviour and abandoned vessels.	Strategy adopted by BA in July 2018; action plan to end 2022.	Project delivery underway; further funding needed for future activity. Anticipated that significant part of any project cost will be raised from external funding applications or CIL.	Support delivery of action plan.
 UK NATIONAL PARKS CHARITY FOUNDATION Purpose: To provide a vehicle for charitable giving by the corporate sector. Partners: UK National Park Authorities and BA, though not all have yet committed to membership. BA lead officer: Chief Executive 	National charity established in response to experience of National Park Partnerships in engaging with the corporate sector, which showed that some companies would like to contribute to National Parks but can only do so to a registered charity.	Ongoing	No assets as yet.	None.
TROWSE RAIL BRIDGE WORKING GROUP Purpose : To promote the need for investment in and improvements to this low level rail bridge	Forum for BA to promote navigational needs within Norwich city boundary,	Ongoing	No financial contribution from BA	Raise profile of navigation interests and support wider

Name, purpose, partners and BA representatives	Benefits of partnership to the BA	Duration of partnership	Financial arrangements	BA tasks
 spanning the River Wensum. Investment will have to consider the demands of navigation, rail transport and the development of east Norwich. Partners: Norfolk County Council, Norwich City Council, Local Enterprise Council, Network Rail and Greater Anglia (Abelio) BA lead officer: Director of Operations 	and to contribute to strategic planning for future development in east Norwich and in other swing bridges in the Broads.			development of east Norwich.
 WATER RESOURCES EAST Purpose: To safeguard a sustainable supply of water for the East of England, resilient to future challenges and enabling the area's communities, environment and economy to reach their full potential. Partners: Anglian Water, Essex & Suffolk Water, Cambridge Water Company, Severn Trent Water, Affinity Water, County Councils, NFU, BA. Other organisations may join in. BA lead officer: Director of Strategic Services 	WRE's mission is "To work in partnership to safeguard a sustainable supply of water for the East of England, resilient to future challenges and enabling the area's communities, environment and economy to reach their full potential." It is a Company Limited by Guarantee pioneering a collaborative approach to water resources planning.	BA joined WRE Board in Sept 2019; WRE in place to production of Regional Plan in Sept 2023.	BA contribution is £7,500 for 2020/21	Take part in WRE board meetings and workshops.

Recently ended partnerships

Details of partnership agreement	Benefits to the BA	Details of partnership closure
BROADS TEST & TRIAL OF ENVIRONMENTAL LAND MANAGEMENT SCHEME Purpose: To gain feedback from farmers and land managers on elements to build into the ELM scheme post-Brexit agriculture support system, based around paying for achieving public goods (storing water, carbon and biodiversity) Partners: Steering Group of 9 land management organisations and 6 farmers and reed and sedge cutters including BA, Natural England, Water Management Alliance, NFU, RSPB, Norfolk Farming & Wildlife Advisory Group, Norfolk Wildlife Trust, Suffolk Wildlife Trust BA lead officer: Environment Policy Advisor	Influencing and informing development of ELM scheme. Interaction with 300+ Broads farmers. Developing local priorities to inform Broads scheme approach, collaboration and governance. Outputs include Broads Tier Structure, locally derived payment rates to sustain public benefits over Broads landscape, defining local collaboration topics and creating mechanisms and priorities for local delivery board	Ended August 2021. Land Management Board now involved in Farming in Protected Landscapes partnership.

Register updated: (ARC 21/9/21) November 2021 Next update due: November 2022 Contact officer: Head of Governance



Audit and Risk Committee

21 September 2021 Agenda item number 13

Implementation of Internal Audit recommendations – summary of progress

Report by Chief Financial Officer

Summary

This report gives a summary of progress in implementing Internal Audit recommendations arising out of audits carried out during 2018/19, 2019/20 and 2020/21.

Recommendation

To note the report.

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1. Introduction

- 1.1. This report gives an update on implementing the Authority's Internal Audit report recommendations, focusing on outstanding recommendations and timescales to complete outstanding work.
- 1.2. Appendices 1 and 2 give details of the audits carried out in 2018/19, 2019/20 and 2020/21, in particular:
 - recommendations not yet implemented;
 - recommendations implemented since the last meeting; and
 - new recommendations since the last meeting.

2. Summary of progress

2.1. Since the previous report to this committee in July, the final one of the Planning outstanding recommendations has been completed. The outstanding procurement recommendation has been amended. The rest remain as scheduled.

3. Internal Audit Programme 2021/22

3.1. The first audits from the 2021/22 plan are not scheduled to start until quarter three. This includes key controls, HR and Payroll and Cyber Security. The results of these audits will be reported to this committee in February 2022.

Author: Emma Krelle

Date of report: 10 September 2021

- Appendix 1 Summary of actions and responses to Internal Audit 2018/19
- Appendix 2 Summary of actions and responses to Internal Audit 2019/20
- Appendix 3 Summary of actions and responses to Internal Audit 2020/21

Appendix 1 – Summary of actions and responses to Internal Audit 2018/19

Table 1

Branding - April 2019

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
2. Broads Authority branding - strategies, guidelines / procedures The Broads Authority Communications Policy be updated to include the roles and responsibilities for overseeing management of correct branding. This should be included within a separate branding section which the policy does not currently have. This should make the branding area more easily to locate within the policy and helps mitigate the risk that responsibilities for branding are unclear.	Needs Attention	Head of Communications	New communications strategy delayed by COVID comms activity but many elements completed and anticipate strategy will be in place by end Sept 2020 Update: New 'branding' area on intranet developed that incorporates updated and new documents, including: • Communications Team Guide • BA Brand guidelines • BA brand guidelines supplement • BA language style guide • Words commonly used in BA publications • BA signs guide	By 31/10/19 Updated to 31/10/21

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
			 Logos and templates for letterheads, reports and PowerPoint presentations. Instructions for email signatures added Nov 2020. Full strategy overview not yet written due to rescheduled priorities in 2020; due to be completed by October 2021. 	
5. Broads Authority branding - use of the Broads Authority logo A review and update of the communications page on the Authority's intranet be undertaken once the national parks' branding strategy and associated documents, including the local broads national park strategy and Broads Authority Communications Policy, are finalised. This should be re-launched with staff including the provision of staff and member training in relation to branding, incorporating the use of both the Broads Authority logo and Broads National Parks logo. The communications intranet page should include the communications team details; branding strategies and communications policy; and the Broads Authority New Signs guide.	Needs Attention	Head of Communications	Agreed. Intranet content to be produced in conjunction with strategy, guidelines and procedures. Awaiting completion of new communication strategy (see recommendation two above) Update: As per recommendation 2 above – all completed except overarching strategy document, now due October 2021.	By 31/10/19 Updated to 31/10/21

Appendix 2 – Summary of actions and responses to Internal Audit 2019/20

Table 2

Procurement – December 2019

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
7. Procurement Procurement training is provided to all relevant members of staff, and Members, where applicable. Up to date procurement training ensures that staff are aware of and are adhering to the correct guidelines, thereby mitigating the risk of non-compliance with CSOs and OJEU requirements	Needs Attention	Chief Financial Officer	Agreed. Update: Delayed originally due to ongoing work on COVID-19 response, the Statement of Accounts and budget preparation for 2021/22. This has been further delayed by this year's audit, 2022/23 budget planning and a number of vacancies within the Finance Team.	By 30/06/20 Updated to 31/12/21

Appendix 3 – Summary of actions and responses to Internal Audit 2020/21

Table 3

Planning – February 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
 6. Enforcement Performance indicators be put in place for responding to complaints and investigating enforcement cases. Having a performance measures in place will help in determining the Authority progress against set standards in relation to the management of complaints and enforcement cases. 	Needs Attention	Head of Planning	Agreed. Update: First report to Management Team due in July (to cover April – June quarter) Completed.	By 01/05/2021 Updated to 31/07/2021

Table 4

Key Controls – May 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
 5. Accounts Payable New supplier procedures should be reviewed and updated annually, with the review recorded, to ensure they remain reflective of current practise. Without annual review the procedures risk becoming outdated and not reflective of current practices. 	Needs Attention	Financial Accountant	Agreed. Annual review has been scheduled.	By 30/09/2021

Table 5

Governance and Risk Management – March 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
 2. Changes to committee meetings In relation to the document management system (DMS), the following is undertaken: Notes are added to deferred items to explain which committee date the item has been deferred to; and To review if there is a way to match up/link the items on the forward plan to the generated items area. This mitigates the risk of not having a completed audit trail in place resulting in key items of business/decisions being missed if deferred matters are not assigned to the next convenient meeting. 	Needs Attention	Head of Governance	Agreed. Notes added to deferred items. Governance team liaising with IT on whether more metadata can be added to improve the link between items in the Forward Plan and in the confirmed (generated report) area - progress on hold as reliant on IT resource availability, which is currently severely depleted.	By 31/12/2021

Table 6

Port Marine Safety Code – June 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
 2. Governance The three-yearly statement of compliance with the code be signed and retained on file for future reference. This assists in mitigating the risk that the authority dose not formally review compliance on a three-year basis as prescribed. 	Important	Head of Safety Management	Statement being updated to reflect recent changes following audit. BA Chair to agree and sign completed statement.	By 31/10/2021
 3. Pilotage The General Direction for larger vehicles and navigation on works Guidance be finalised. This helps mitigate the risk that sufficient navigation rules are not in place and navigation of the broads is not managed as effectively and safely as required, in relation to larger vehicles. 	Important	Head of Ranger Services	General Directions rarely used by Broads Authority - most directions are 'Special'. This requirement will require legal inputs and cost benefit analysis to assess its viability. Current requirements are met using Special Directions.	By 31/10/2021
4. Governance PMSC related documents and files, location and storage (both electronic and hardcopy) is reviewed to ensure these can be accessible to relevant members of staff on a timely basis.	Needs Attention	Head of Safety Management	Files and documents being migrated to DMS. New MARNIS (Port marine management software) being implemented will assist with data collection and reporting.	By 31/10/2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
This helps mitigate the risk that key documents cannot be located in a timely manner leading to gaps in the safety management system.				
 5. Governance The BA PMSC be updated to reflect the inclusion of consultation with employees' forum (or equivalent) and health and safety committee. To reduce the risk that key aspects of the PMSC are not communicated with the Authority's employees and contributes towards the Authority demonstrating its commitment to engaging with users. 	Needs Attention	Head of Safety Management	New standing item added to Health & Safety Committee agenda to capture and disseminate highlighted organisation-wide issues.	By 31/07/2021 Updated to 31/10/2021
 6. Governance The documents, reference numbered within the Broads Authority (BA) PMSC, are reviewed to ascertain their location and to appraise whether they are still relevant to the up to date safety management system in place, taking into account the requirements of the national PMSC document and the Guide to Good Practice for Marine Operations. This helps mitigate the risk that the BA PMSC is out of date and refers to non-existent and/or obsolete supporting documents. 	Needs Attention	Head of Safety Management	Review to be undertaken.	By 31/10/2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
 7. Governance All relevant employees to be required to read and sign a copy of the PMSC on an annual basis. This assists in reducing the risk that employees are not familiar with the PMSC, leading to non-compliance with it. 	Needs Attention	Head of Safety Management	Refresher training to be given at team meetings and attendance and signatures to be obtained.	By 31/10/2021
8. Pilotage The Pilotage Policy be amended to reflect that it will be updated each time it is used, as opposed to annually and the PMSC is updated to reflect this. This reduces the risk that the policy is not updated in a practical and timely manner.	Needs Attention	Head of Ranger Services	Review to be undertaken on Pilotage Policy to reflect current operations.	By 31/10/2021