

Financial Scrutiny and Audit Committee

AGENDA

7 July 2015

2:30pm

		Page
1.	To receive apologies for absence	
2.	To note whether any items have been proposed as matters of urgent business	
3.	To receive declarations of interest	
4.	To receive and confirm the minutes of the Financial Scrutiny and Audit Committee meeting held on 2 February 2015 (herewith)	3 – 12
5.	Public Question Time To note whether any questions have been raised by members of the public	

FINANCIAL SCRUTINY

6.	Draft Unaudited Statement of Accounts 2014/15 Report by Head of Finance (herewith)	13 – 104
7.	Internal Audit Annual Report and Opinion 2014/15 Report by Head of Internal Audit (herewith)	105 – 125
8.	Investment Strategy and Performance Annual Report 2014/15 Report by Treasurer and Financial Adviser (herewith)	126 – 127
9.	Procedure for Waiving of Standing Orders Report by Solicitor and Monitoring Officer (herewith)	128 – 152

AUDIT

10.	External Audit Annual Audit Fee 2015/16 Report by Head of Finance (herewith)	153 – 156
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11. Implementation of Internal Audit Recommendation and Summary of Progress Report by Head of Finance (herewith)	157 – 170
12. UK National Parks Partnerships Ltd Report by Chief Executive (herewith)	171 – 174
13. To consider any other items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B (4) (b) of the Local Government Act 1972	
14. To answer any formal questions of which due notice has been given	
15. To note the date of the next meeting – Tuesday 22 September 2015 at 2.00pm at Yare House, 62-64 Thorpe Road, Norwich	

Broads Authority

Financial Scrutiny and Audit Committee

Minutes of the meeting held on 10 February 2015

Present:

Mr G McGregor – Chair
Mr D Broad
Prof J A Burgess
Mr P Durrant

In Attendance:

Ms E Guds – Administrative Officer
Ms E Krelle – Head of Finance
Mr J W Organ – Head of Governance and Executive Assistant
Dr J Packman – Chief Executive

Also in Attendance:

Mr N Harris – Director, Ernst & Young
Ms E Hodds – Internal Audit Consortium Manager
Ms J Penn – Treasurer and Financial Adviser
Mr M Russell – Executive, Ernst & Young

2/1 Apologies for Absence

Apologies for absence were received from Mr N Dixon and Dr S Johnson

2/2 Matters of Urgent Business

There were no matters of urgent business.

2/3 Declarations of Interests

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

2/4 Minutes of the Financial Scrutiny and Audit Committee Meeting held on 23 September & 21 November 2014

In relation to *Minute 2/10 Annual Review of Strategic Risk Register*, some members were considering whether a new risk might need to be defined or an existing one strengthened to include an item concerning the adoption of the National Parks style, while others believed this to be unnecessary as the risk register would deal with risks at a strategic level and not at the level of individual proposals or decisions.

Head of Governance and Executive Assistant confirmed that issues such as communication, reputational risk and corporate risk arising from rebranding were fully covered by 'Ineffective Engagement with Key Partners/Stakeholders' and 'Failure to comply with Legal Requirements' risks.

After a short discussion and clarification the minutes of the meeting held on 23 September 2014 and 21 November 2014 were approved as a correct record and signed by the Chairman.

2/5 Public Question Time

No questions were raised by members of the public.

2/6 Investment Strategy Performance Six Monthly Report 2014/15

Members received a report which set out details of the Authority's investment of surplus cash, including the investment principles adopted and performance during the six months to 30 September 2014 and included a review of the performance in 2013/14.

The Committee was reminded that the investment of surplus cash was governed by a Service Level Agreement between the Broads Authority and Broadland District Council and that the closing balance for 2013/14 was £2.750 million. As at the end of September this balance had increased to £3.750 million.

As the Authority had a greater need for cash flow flexibility, having drawn down reserves in 2013/14, it was proposed not to make any direct investments at present so currently a larger balance would continue to be invested with the Council. Any losses would be shared pro-rata between the two organisations.

Members noted the report.

2/7 Consolidated Income and Expenditure: 1 April to 30 November 2014 Actual and 2014/15 Forecast Outturn

Members received a report that provided the Committee with details of the actual income and expenditure for the eight month period to 30 November 2014, and provided a forecast of the projected expenditure at the end of the financial year (31 March 2015).

The current forecast outturn position for the year suggests a deficit of £91,977 for the national park side and a deficit of £19,006 on navigation resulting in an overall deficit of £110,984 within the consolidated budget, which would indicate a general fund reserve balance of approximately £707,000 and a navigation reserve balance of approximately £271,000 at the end of 2014/15. This will mean that the navigation reserve will fall slightly below the recommended level of 10% of net expenditure during 2014/15. The impact of

both the national park and navigation reserve balances has been taken into account when preparing the budget and medium term financial strategy.

Members were of the opinion that the use and convention of figures in red and in brackets was confusing and suggested that an adverse variance would be demonstrated as a minus and a surplus with a positive. It was therefore decided that as from the 1st April 2015 figures would be illustrated in black using minus and positives to demonstrate a variance.

The Chief Executive updated the members that the Secretary of State had confirmed that the levels of National Park Grant for 2015/16 would be in line with that previously announced, a 1.74% reduction, which was in line with the budget already approved by the Authority.

Furthermore the members were informed that The Broads Authority in partnership with Norfolk County Council had been successful in securing a bid for the first stage of the 3 Rivers Way cycle route and Norfolk County Council would be receiving 715K from the Department of Transport. The funding will be used to construct a shared cycleway footway connecting Wroxham to Horning. The Authority would be contributing £65,000 of matched funding which would be funded from the Planning Delivery Grant Reserve.

To a question as to whether the Authority was looking at scenarios how to respond to the prospect of further cuts, the Chief Executive responded that officers were working with the other national park authorities in preparing for discussions with Defra officials on the future of National Park Grant. In the meantime it was important that the Authority demonstrated its ability to deliver on important projects such as the Landscape Partnership Bid.

Members noted the report.

2/8 Internal Audit Strategic and Annual Audit Plans 2015/16

Members received a report which delivered an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2015/16 to 2017/18 and the Annual Internal Audit Plan for 2015/16.

The resulting Annual Internal Audit Plan would then serve as the work programme and initial terms of reference for the Authority's Internal Audit Services Contractor, TIAA Ltd, and provided the basis upon which the Internal Audit Consortium Manager would subsequently give an Annual Audit Opinion for 2015/16.

The Internal Audit Consortium Manager mentioned that the Audit Charter, , will be presented to the Finance and Scrutiny Audit Committee every two years from now on for review. The Code of Ethics that was previously brought to The Committee would be reviewed by the Internal Audit Consortium Manager as part of the Audit Charter review.

The details of the IT audits would be determined once the new contractor (TIAA) was in place from 1 April 2015. The Internal Audit Consortium Manager would determine the exact requirements in conjunction with the Head of IT and Collection of Tolls.

The audit of the Asset Management database would be undertaken in 2016/17 to make sure its contents are accurate and reflected the current Fixed Asset Register,

RESOLVED

that the Committee approved:

- (i) the minor amendments to the Internal Audit Charter as noted with the report;
- (ii) the Internal Audit Strategy for 2015/16;
- (iii) the Strategic Internal Audit Plan for 2015/16 to 2017/18;
- (iv) the Annual Internal Audit Plan for 2015/16.

The Committee noted:

- (v) the Performance Management measures for the new Internal Audit Contractor.

2/9 Audit Procurement

This report provides an overview of the stages followed, and the outcomes of, the recent procurement exercise for Internal Audit Services across the Norfolk Internal Audit Consortium. The Consortium consists of Breckland, Broadland, North Norfolk and South Norfolk district councils, Great Yarmouth Borough Council and the Broads Authority.

The role of the Head of Internal Audit and contract management is currently provided by South Norfolk Council via a group agreement, and the current contract for the provision of Internal Audit Services expires on 31 March 2015. An OJEU tender was undertaken due to the value of the work to be contracted, with three suppliers submitting final bids. The contract was awarded on a quality (60%) / price (40%) split and has now been awarded to TIAA Ltd, one of the largest specialist internal audit providers in the UK, and an employee-centred organisation with staff being the majority shareholders.

In addition all members of the Consortium have confirmed they are staying with the role of the Head of Internal Audit and Contract Manager provided by South Norfolk Council.

Members noted the report

2/10 External Audit

Members received a report which appended the Annual Audit Letter for 2013/14, the Audit Plan for the 2014/15 audit and the Local Government Audit Committee Briefing by Ernst & Young.

The Committee was informed by Ernst & Young that no significant matters were identified from their 2013/14 audit when they had issued an unqualified value for money conclusion on 26 Sep 2014 and that there were no significant accounts, or control issues they needed to draw the Authority's attention. Moving on to the 2014/15 Audit Plan, they highlighted that the main audit risk was one of management override, when there is an incentive for manipulation, and that they would work with The Authority to validate this risk and see what measurements The Broads Authority was ready to put in place to prevent risks like this from taking place.

Members agreed that the auditors and the finance department are doing a good job and recognised that the accounts have improved greatly over the last few years to the effect that the Authority is now able to forecast income and expenditure very accurately.

One member was interested to know that now the Broads Authority was less of an audit risk, this would mean a reduction in the auditor's fees, to which the Director of Ernst & Young responded that the fee could be reviewed and that they would consider an amendment in the future if this was considered appropriate.

RESOLVED

That the Committee:

- (i) noted the Annual Audit Letter for 2013/14.
- (ii) noted the Audit Plan for the 2014/15 audit.
- (iii) Noted the briefing, including the key questions for Audit Committees as set out on page 8

2/11 Implementation of Internal Audit Recommendation and Summary of Progress

Members received a report which updated them on progress in implementing Internal Audit recommendations arising out of audits carried out since 2013/14.

It was highlighted that an audit of End User Controls was completed in December, receiving an 'adequate' audit opinion with three medium and five low priority recommendations being raised.

The Head of Finance informed members that the Authority was aware of the identified areas of weakness, but as the IT department had not yet been

successful in replacing their IT support worker, they had been short staffed and were therefore struggling with taking actions forward.

The Chief Executive explained that the difficulty with recruiting a suitable applicant was that although the demands of the job required a wide and specific skill set, the Authority was not in a position to offer a salary commensurate with the market rate that matches that skill set.

Members suggested recruiting through agencies, outsourcing the IT department or using students as an internship from the University of East Anglia.

The Chief Executive's response was that the problem with these options was that recruiting someone through an agency could create a situation where someone in a junior position would end up earning more than his senior. The issue with an apprenticeship would be that it's temporary whereas the IT position requires a full-time permanent position to allow the appointee the appropriate time to familiarise him/herself with the wide stretch of responsibilities involved.

Members noted the report.

2/12 National Parks UK Commercial Sponsorship Proposal

Members received a report which sought the views of the Financial Scrutiny and Audit Committee on the establishment of a new company called National Park Partnerships Limited, a Company Ltd by Guarantee (CLG), to take forward the joint commercial sponsorship initiative for the fifteen National Parks in the UK.

It was recommended that to allow a small contingency, each National Park Authority would contribute £10,000 in Year 1 and allocate a further £10,000 within their medium term budget plan to allow for further investment in the project to facilitate the future success of the proposal should delays occur in the early years.

Members were informed that the new company, whilst being owned by NPAs, should be able to work quickly and be business like. It should therefore have the autonomy to make decisions to deliver its business plan, whilst still delivering within the context set by NPAs.

It was explained that membership of the Board would be by appointment by the wider membership (i.e. the NPAs, the fourteen UK National Park Authorities and the Broads Authority) and that it was proposed that NPA representatives should always be in the majority on the Board and that initially the Board would comprise of seven Members with four NPA and three external members.

It was then highlighted that agreeing to the national level sponsorship proposals would not hinder the right of individual National Park Authorities to

undertake local sponsorships, giving, joint-ventures or any commercial activity of a local nature.

As National Parks face an extremely challenging period of sustained budget decline which is severely impacting on the Authority's ability to deliver their core purposes members were made aware that after having reviewed and evaluated the potential opportunities for commercial sponsorship of National Parks at a UK level, The Authority considered it appropriate to support this initiative.

However, some members were concerned that the risk of the costs attached to the Commercial Sponsorship Proposal would escalate to the extent that the net return would be greatly diminished and doesn't justify the effort. There was a further concern whether all the partners would be equal and control the salary and administration on-costs so that they were proportionate and reasonable.

The Chief Executive responded that Members of the Company would be the 15 National Park Authorities (as defined this would include the Broads Authority), that the remuneration of the Directors would be decided by the Members as would be the oversight of expenditure and that the recruitment of the Directors had been delegated to four National Park Chairs.

He continued that the National Park Authorities would extract value from the Company via the Intellectual Property Licence Agreement which would be the route to limit the amount of other expenditure by the Company. The Chief Executive explained that the intention was that the majority of any income would be distributed equally to the Members, the National Park Authorities, and that the safeguard was that the ultimate authority rests with the 15 Members.

It was made clear to the Committee that the accounts for National Parks UK and the new company National Park Partnerships Ltd would be scrutinised by the National Park Chairs who represent the Members and that the purpose of the new company would be to facilitate corporate sponsorship for the 15 National Parks. The bulk of any money raised would be divided equally between the Parks, the 15 Park Authorities are equal in this endeavour and 4 had volunteered to do the work of appointing the Directors.

A member suggested it might be a good idea to restrict the administration cost to a certain percentage similar as the Authority did for the Sustainable Development Fund to which the Head of Governance and Executive Assistant responded that this would be a good idea but that it would be better for the directors to put a policy in place for this rather than put it in the Articles of Association.

The Chief Executive added that the Authority had already made provision in this year's budget for the payment of the initial £10,000 contribution and was of the view that the potential benefits of working with the 14 National Park Authorities on this endeavor outweighed the risk of losing the investment.

The Chief Executive's thoughts were shared by other members and it was mentioned that this would demonstrate to Ministers and the Government that the Broads Authority and National Park Authorities were actively looking for other sources of income.

RESOLVED

that the Committee confirmed the in principle decision by the Broads Authority:

- (i) that the establishment of a new Company Ltd by Guarantee, the 'National Park Partnerships Limited' to oversee the development of commercial sponsorship on behalf of the National Park Authorities and the Broads Authority be endorsed;
- (ii) that the Authority should become a signatory to the Members Agreement which binds all 15 UK National Park Authorities; and
- (iii) that a budget provision be made in 2015/16 for the potential second payment of £10,000

2/13 To consider any other items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B (4) (b) of the Local Government Act 1972

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

2/14 Formal Questions

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

2/15 Date of the next meeting

Members noted that the date of the next Committee meeting would be held on Tuesday 7 July 2015 at Yare House, 62-64 Thorpe Road, Norwich, commencing at 2:00pm.

2/16 Exclusion of the Public

The Committee was asked to consider excluding the public from the meeting under section 100A of the Local Government Act 1972 for consideration of the item below on the grounds that it involves the likely disclosure of exempt information as defined by Paragraphs 1 of Part 1 of Schedule 12A to the Act as amended, and that the public interest in maintaining the exemption outweighs the public benefit in disclosing the information.

2/17 To receive and confirm the exempt minutes of the meeting held on 21 November 2014 (herewith)

The minutes of the meeting held on 21 November 2014 were approved as a correct record and signed by the Chairman.

The meeting concluded at 3.20 pm

CHAIRMAN

APPENDIX 1

Declaration of Interests

Committee: Financial Scrutiny and Audit Committee

Date of Meeting: 10 February 2015

Name Please Print	Agenda/ Minute No(s)	Nature of Interest (Please describe the nature of the interest)	Please tick here if the interest is a Pecuniary Interest ✓
D Broad	11	In receipt of pre-pay application advice at the moment	

Draft Unaudited Statement of Accounts 2014/15
Report by Head of Finance

Summary:	This report summarises the Broads Authority's Statement of Accounts for the year ended 31 March 2015.
Recommendation:	That the Statement of Accounts for 2014/15 be recommended to the Broads Authority for approval, subject to any amendments suggested by the Committee.

1 Introduction

- 1.1 The timetable for the preparation of the Authority's Statement of Accounts is dictated by the requirements of The Accounts and Audit (England) Regulations 2011. The timetable for the adoption of the 2014/15 accounts is as follows:
- Treasurer and Financial Adviser to sign off the completed accounts by the end of June 2015
 - Financial Scrutiny and Audit Committee to scrutinise the accounts on 7 July 2015, and to recommend them for approval to the Full Authority, subject to any suggested amendments
 - External Audit (Ernst and Young) to undertake and complete the audit of the accounts by the end of September 2015
 - Broads Authority to consider and formally adopt the audited accounts at its meeting on 25 September 2015
- 1.2 As members will be aware, the Authority's accounts are required to be prepared in accordance International Financial Reporting Standards (IFRSs), and the *Code of Practice on Local Authority Accounting* (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The production of the Statement of Accounts represents a sizeable technical exercise for the Authority's limited staff resources working to a very tight timetable.
- 1.3 This report summarises the draft (unaudited) Statement of Accounts for 2014/15 which were approved for issue by the Treasurer and Financial Adviser on 22 June. Appended to this report are:
- the consolidated income and expenditure outturn figures for 2014/15; and
 - the draft Statement of Accounts for 2014/15 (excluding the Audit Report and Annual Governance Statement).

2 Revenue Account Outturn Figures

- 2.1 The Statement of Accounts provides summaries of general and navigation fund income and expenditure for the year.
- 2.2 The original general fund budget provided for a contribution of £55,053 from reserves. The final Latest Available Budget (LAB) for the year allowed for a deficit of £164,536, while the final Forecast Outturn was a deficit of £73,557. The year end saw a net underspend of £183,229 against the final forecast (although it is proposed that £43,668 be carried forward as additional expenditure into 2015/16). The outcome was therefore a contribution of £109,672 to the general reserve. After accounting for the transfer of £3,969 interest to earmarked reserves, the closure of the STEP fund of £2,332, and the closure of the Sustainable Development Fund reserve of £43,030, the general reserve increased to £950,138 as at 31 March 2015.
- 2.3 The original navigation fund budget provided for a surplus contribution of £39,558 to reserves. The final Latest Available Budget (LAB) for the year allowed for a surplus of £7,449, while the final Forecast Outturn was a surplus of £16,166. The year end saw a net overspend of £18,148 against the final forecast (and it is proposed that a further £10,669 be carried forward as additional expenditure into 2015/16). The outcome was therefore a draw down of £1,982 from the navigation reserve. After accounting for the transfer of £7,653 interest to earmarked reserves, the navigation reserve reduced to £280,139 as at 31 March 2015.
- 2.4 The consolidated surplus for the year is £107,690, which reduces to £96,068 after taking account of £11,622 interest transferred to earmarked reserves. An additional £54,337 is proposed to be carried forward into the 2015/16 budget. There are a number of reasons for the 2014/15 underspend but in particular it arises from:
- significant difficulties in progressing projects, including the Whitlingham development project, for a variety of reasons including: capacity issues, difficulties in recruiting vacant posts, obtaining consents, and savings on new office equipment leases.
 - major success in obtaining additional external funding, particularly within Biodiversity Strategy budgets, and also as a result of introducing new products for sale at the Visitor Centres / Yacht Stations.

3 Carry Forward Requests

- 3.1 As indicated above, it is recommended by the Management Team that additional expenditure totalling £54,337 be carried forward into the 2015/16 budget as slippage / deferred expenditure, which would effectively reduce the net surplus for the year to £41,731. As in previous years, the Management Team has taken a very robust approach to requests to carry forward expenditure, and most of the requests below relate to either:

- projects already underway but which have been delayed by external events; or
- ring-fenced income which has been provided by third parties and is earmarked for specific purposes.

3.2 Details of all 2014/15 carry forward requests are set out in the table below:

Budget Line	National Park	Navigation	Total	Reason for carry-forward request
	£	£	£	
IT	20,100.00	9,900.00	30,000.00	Additional budget allocated in 14/15 (£26,080) following the departure of a temporary member of staff and the decision not to replace but to use contractors instead. A further staff vacancy within IT has meant that the capacity to support additional work has not been available.
Biodiversity Strategy	800.00	0.00	800.00	Ring fenced Love The Broads income for Barn Owl Project.
Biodiversity Strategy	1,500.00	0.00	1,500.00	Ring fenced income from NBP (invoiced from H & O Trust) for Barn Owl project. NBP support carryforward and work areas.
Biodiversity Strategy	13,491.42	0.00	13,491.42	Ring fenced Partner income for Catchment Partnership.
Strategy & Projects	7,776.86	769.14	8,546.00	Carry-forward of funding for extension to Catchment Officer post.
	43,668.28	10,669.14	54,337.42	

3.3 Approval of these carry forward amounts would result in a general reserve balance of £906,470 and navigation reserve balance of £269,470. This represents 30.2% and 9.4% of net expenditure for 2014/15 respectively and although in the case of the navigation reserve this is slightly below the minimum recommended level of 10% of net expenditure, the 2015/16 budget anticipates a small navigation surplus which will restore this balance. In addition, once the significant earmarked reserve balances are taken into account, this level of navigation reserve is considered to be adequate in the short to medium term.

4 Balance Sheet

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

Mobile Phone Upgrade / IT Reserve

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

Planning Delivery Grant

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

Sustainable Development Fund

Balance of Sustainable Development Fund (SDF) grant supplied by Defra National Park Grant. At the end of 2014/15 this fund was closed and transferred to the General Fund.

STEP

A reserve set up for a European Grant part funded project relating to Sustainable Tourism in Estuary Parks. This grant funded project has now finished and transferred to the General Fund.

PRISMA

A reserve account set up for European grant part funded projects and trials relating to the development of sustainable techniques and methods for the dredging, treatment and reuse of sediment.

Upper Thurne Enhancement Scheme

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

Section 106 Agreements

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

Property

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

Plant, Vessels and Equipment

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

Premises

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

- 4.2 The closing balance of the earmarked reserves above in 2014/15 are shown in the table below:

Earmarked Reserves 2014/15

Reserve	Balance as at 01/04/2015 £
Mobile Phone Upgrade / IT	(469)
Planning Delivery Grant	(353,676)
Sustainable Development Fund	0
STEP	0
PRISMA	(171,869)
Upper Thurne Enhancement Scheme	(53,285)
Section 106 Agreements	(16,652)
Property	(586,757)
Plant, Vessels and Equipment	(240,790)
Premises	(169,930)
Total	(1,593,428)

- 4.3 The balance of Navigation earmarked reserves within this total is £962,956.

5 Other Significant Issues

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

6 Annual Governance Statement

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

7 Audit of the Statement of Accounts

- 7.1 The Authority's external auditors, Ernst & Young, will be undertaking the audit of these accounts during August and September 2015, and are required to complete the audit and issue the value for money conclusion by 30 September. The audit timetable was set out in the Audit Plan presented at the last meeting of this Committee, 10 February 2015.
- 7.2 Upon completion the audit report will be signed and incorporated into the Statement of Accounts.

8 Financial Implications

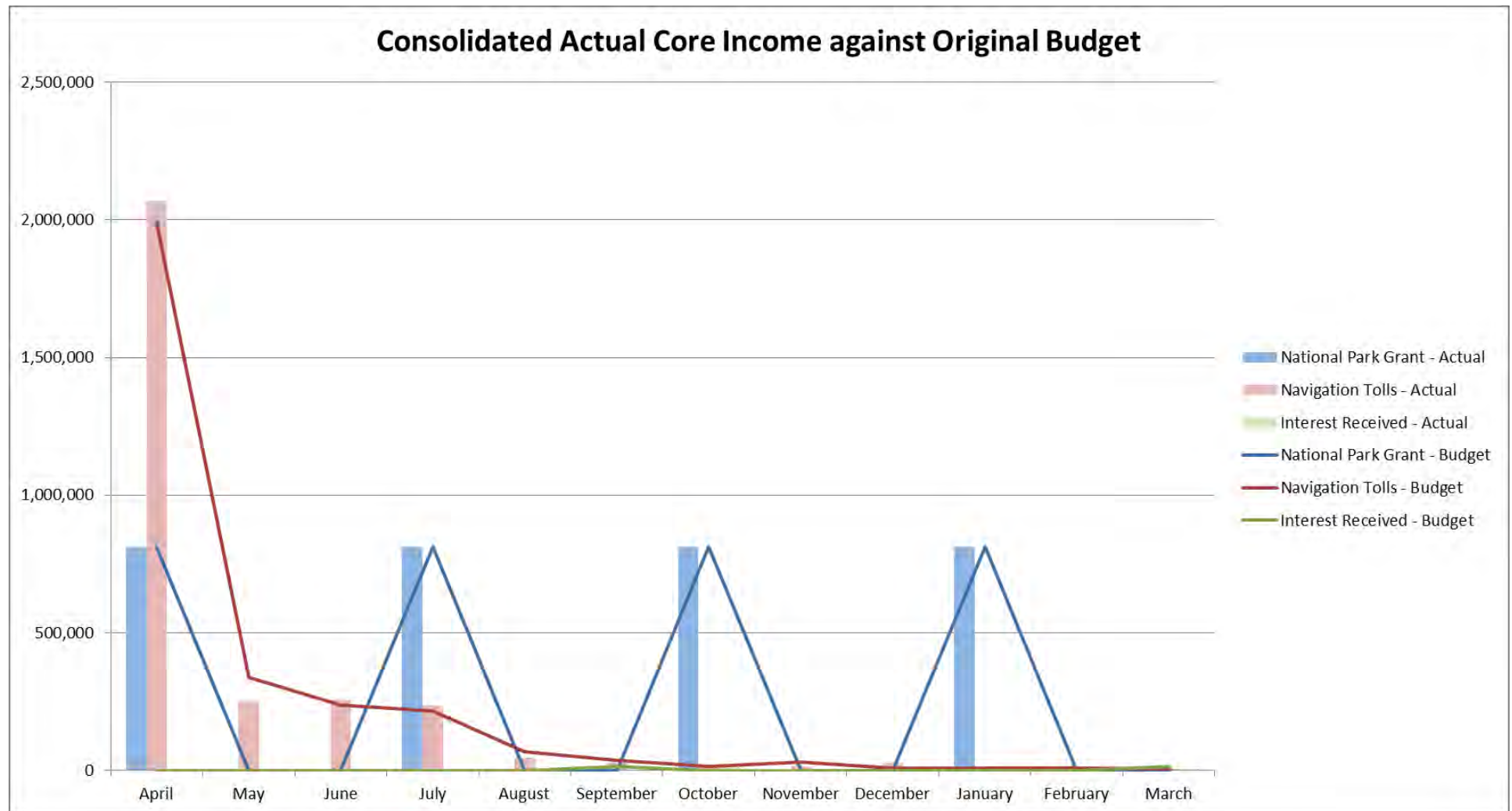
- 8.1 The draft Statement of Accounts for 2014/15 shows revenue reserves of £1,230,277 (general reserves £950,138, navigation reserves £280,139) that are considered to be adequate and which are in line with the levels considered by the Authority in setting the Financial Strategy for the period up to 2017/18. After the proposed carry-forwards are taken into account, navigation reserves will fall slightly below the recommended levels, as previously advised to the Authority, although the current budget and financial strategy would anticipate the restoration of this balance in 2015/16. Taken alongside the significant earmarked reserve balances, the Authority's reserves are therefore considered to be sound. The outturn figures for 2014/15, and their implication for the overall level of reserves, will be taken into account in future budgeting proposals, and when making decisions about income and expenditure in 2015/16.

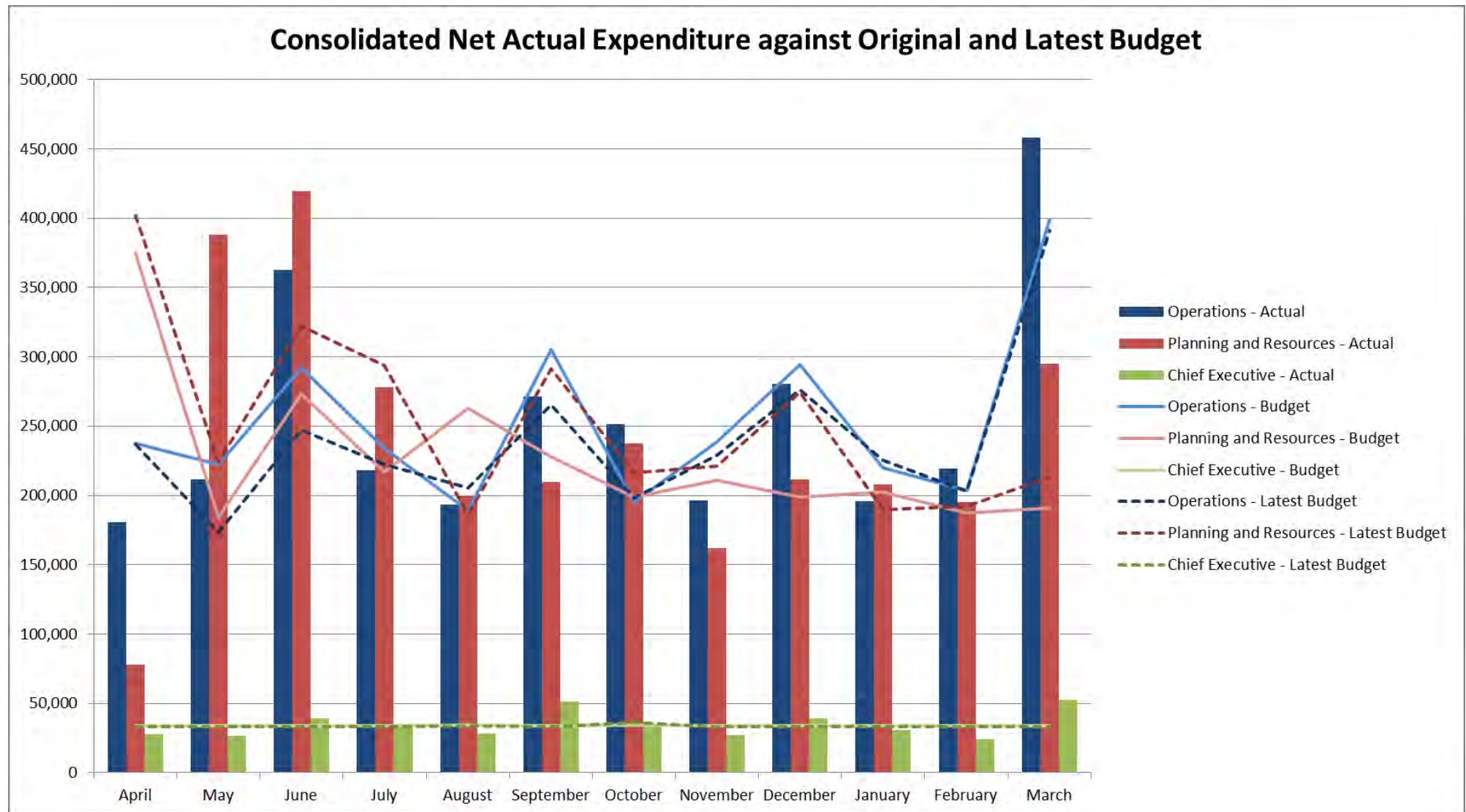
Background Papers: Nil

Author: Emma Krelle
Date of Report: 18 June 2015

Broads Plan Objectives: None

Appendices: APPENDIX 1: Consolidated Actual Income and Expenditure Charts to 31 March 2015
APPENDIX 2: Consolidated Income and Expenditure 2014/15
APPENDIX 3: Draft Unaudited Statement of Accounts 2014/15 (excluding the Audit Report and Annual Governance Statement)





To 31 March 2015

Budget Holder

(All)

Row Labels	Values				
	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(6,242,264)		(6,242,264)	(6,230,354)	(11,910)
National Park Grant	(3,245,393)		(3,245,393)	(3,245,393)	0
Income	(3,245,393)		(3,245,393)	(3,245,393)	0
Hire Craft Tolls	(1,118,300)		(1,118,300)	(1,073,105)	(45,195)
Income	(1,118,300)		(1,118,300)	(1,073,105)	(45,195)
Private Craft Tolls	(1,792,100)		(1,792,100)	(1,833,384)	41,284
Income	(1,792,100)		(1,792,100)	(1,833,384)	41,284
Short Visit Tolls	(37,721)		(37,721)	(37,721)	0
Income	(37,721)		(37,721)	(37,721)	0
Other Toll Income	(18,750)		(18,750)	(18,750)	0
Income	(18,750)		(18,750)	(18,750)	0
Interest	(30,000)		(30,000)	(22,000)	(8,000)
Income	(30,000)		(30,000)	(22,000)	(8,000)
Operations	3,030,715	30,113	3,060,828	3,116,126	(55,298)
Construction and Maintenance Salaries	1,074,770		1,074,770	1,065,359	9,411
Salaries	1,074,770		1,074,770	1,065,359	9,411
Expenditure			0		0
Equipment, Vehicles & Vessels	405,000	(17,450)	387,550	387,550	0
Income			0		0
Expenditure	405,000	(17,450)	387,550	387,550	0
Water Management	67,500	14,350	81,850	80,535	1,315
Income	0		0	(1,315)	1,315
Expenditure	67,500	14,350	81,850	81,850	0
Land Management	(41,000)	14,850	(26,150)	(28,275)	2,125
Income	(90,000)		(90,000)	(100,500)	10,500
Expenditure	49,000	14,850	63,850	72,225	(8,375)

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Practical Maintenance	339,035	7,170	346,205	346,527	(322)
Income	(7,000)		(7,000)	(8,700)	1,700
Expenditure	346,035	7,170	353,205	355,227	(2,022)
Ranger Services	663,010		663,010	696,340	(33,330)
Income	(35,000)		(35,000)	(35,000)	0
Salaries	580,010		580,010	613,340	(33,330)
Expenditure	118,000		118,000	118,000	0
Pension Payments			0		0
Safety	76,900		76,900	83,542	(6,642)
Income	(9,000)		(9,000)	(1,000)	(8,000)
Salaries	51,900		51,900	51,542	358
Expenditure	34,000		34,000	33,000	1,000
Asset Management	104,650		104,650	123,912	(19,262)
Income	(1,000)		(1,000)	(1,000)	0
Salaries	37,900		37,900	37,662	238
Expenditure	67,750		67,750	87,250	(19,500)
Volunteers	61,340		61,340	61,373	(33)
Income	(1,000)		(1,000)	(1,000)	0
Salaries	42,340		42,340	42,373	(33)
Expenditure	20,000		20,000	20,000	0
Premises	151,970	11,193	163,163	172,363	(9,200)
Income	(11,200)		(11,200)	(2,000)	(9,200)
Expenditure	163,170	11,193	174,363	174,363	0
Operations Management and Administration	127,540		127,540	126,900	640
Income			0		0
Salaries	115,040		115,040	114,400	640
Expenditure	12,500		12,500	12,500	0
Planning and Resources	2,729,004	111,479	2,840,484	2,657,409	183,075
Development Management	224,910		224,910	215,699	9,211
Income	(60,000)		(60,000)	(75,000)	15,000
Salaries	259,910		259,910	255,699	4,211

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Expenditure	25,000		25,000	35,000	(10,000)
Pension Payments			0		0
Strategy and Projects Salaries	231,575	8,546	240,121	209,837	30,284
Income	(27,500)		(27,500)	(39,000)	11,500
Salaries	249,075	8,546	257,621	238,837	18,784
Expenditure	10,000		10,000	10,000	0
Biodiversity Strategy	35,000	42,298	77,298	77,298	0
Income			0		0
Expenditure	35,000	42,298	77,298	77,298	0
Strategy and Projects	84,900	2,020	86,920	86,453	467
Income			0		0
Salaries	44,900		44,900	44,433	467
Expenditure	40,000	2,020	42,020	42,020	0
Waterways and Recreation Strategy	84,920		84,920	78,618	6,302
Salaries	69,920		69,920	63,618	6,302
Expenditure	15,000		15,000	15,000	0
Project Funding	101,780	46,615	148,395	148,023	372
Income	(19,000)		(19,000)	(19,000)	0
Salaries	41,780		41,780	41,408	372
Expenditure	79,000	46,615	125,615	125,615	0
Pension Payments			0		0
Partnerships / HLF	50,000		50,000	0	50,000
Expenditure	50,000		50,000	0	50,000
SDF	12,000		12,000	12,000	0
Expenditure	12,000		12,000	12,000	0
Finance and Insurance	336,569	10,000	346,569	327,632	18,937
Income			0		0
Salaries	133,970		133,970	130,033	3,937
Expenditure	202,599	10,000	212,599	197,599	15,000
Communications	316,260		316,260	318,598	(2,338)
Income			0		0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	241,260		241,260	243,598	(2,338)
Expenditure	75,000		75,000	75,000	0
Visitor Centres and Yacht Stations	235,660	2,000	237,660	222,236	15,424
Income	(213,000)		(213,000)	(213,000)	0
Salaries	317,660		317,660	302,236	15,424
Expenditure	131,000	2,000	133,000	133,000	0
Collection of Tolls	113,660		113,660	113,192	468
Salaries	100,960		100,960	100,492	468
Expenditure	12,700		12,700	12,700	0
ICT	267,820		267,820	272,142	(4,322)
Income			0		0
Salaries	127,120		127,120	131,442	(4,322)
Expenditure	140,700		140,700	140,700	0
Legal	120,000		120,000	104,112	15,888
Income	0		0	(13,000)	13,000
Salaries	0		0	7,112	(7,112)
Expenditure	120,000		120,000	110,000	10,000
Premises - Head Office	240,000		240,000	224,547	15,453
Expenditure	240,000		240,000	224,547	15,453
Planning and Resources Management and Administration	273,950		273,950	247,021	26,929
Income	0		0	(11,000)	11,000
Salaries	146,750		146,750	148,821	(2,071)
Expenditure	127,200		127,200	109,200	18,000
Chief Executive	405,040		405,040	421,098	(16,058)
Human Resources	133,140		133,140	158,206	(25,066)
Salaries	73,140		73,140	98,206	(25,066)
Expenditure	60,000		60,000	60,000	0
Governance	170,410		170,410	160,659	9,751
Income			0		0
Salaries	109,210		109,210	104,459	4,751
Expenditure	61,200		61,200	56,200	5,000

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Chief Executive	101,490		101,490	102,233	(743)
Salaries	101,490		101,490	102,233	(743)
Expenditure			0		0
Projects and Corporate Items	93,000		93,000	93,113	(113)
PRISMA	0		0	113	(113)
Income			0		0
Salaries	10,410		10,410	10,523	(113)
Expenditure	(10,410)		(10,410)	(10,410)	0
STEP			0		0
Expenditure			0		0
Corporate Items	93,000		93,000	93,000	0
Pension Payments	93,000		93,000	93,000	0
Contributions from Earmarked Reserves			0		0
Earmarked Reserves			0		0
Expenditure			0		0
Grand Total	15,495	141,592	157,087	57,391	99,696

BROADS AUTHORITY
DRAFT UNAUDITED
STATEMENT OF ACCOUNTS
2014/15

DRAFT

Broads Authority Statement of Accounts
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Explanatory Foreword

Introduction

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

The Background to the Accounts 2014/15

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

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

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

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

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

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

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

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

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

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

The Accounting Statements

The Broads Authority's accounts for the year 2014/15 are set out on pages 7 to 75. They consist of:

Statement of Responsibilities for the Statement of Accounts

Statement of Corporate Governance

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

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

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

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

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

The information included in these accounts incorporates spending relating to the Broads Navigation. The Navigation income and expenditure is separately accounted for in the records to ensure the proper control of income from toll payers and to ensure it is spent primarily to benefit the users of the navigation. Navigation income and expenditure is shown in full at note 38 on page 75.

Broads Authority Statement of Accounts
Explanatory Foreword

Changes to the 2014/15 Accounts

There have been no key changes to the Statement of Accounts in 2014/15.

Current Borrowing Facilities and Capital Borrowing

On 20 November 2007, the Authority took out a £290,000 loan from the Public Works Loan Board. The repayment period of the loan is 20 years at a fixed interest rate of 4.82%, repayable by equal instalments of principal. The Public Works Loan Board has advised that the fair value of the debt as at 31 March 2015 is £222,467.

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

Review of the Year

General Income and Expenditure

The Authority received National Park Grant of £3,245k and no further one-off funding from Defra (£3,547k in 2013/14, including one-off funding of £33k). In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £603k (£762k in 2013/14). Total income for 2014/15 was £3,848k (£4,342k in 2013/14).

The Authority set a budget for 2014/15 with a forecast deficit of £55k (£91k surplus for 2013/14). The Authority now monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for the year indicated an anticipated deficit of £74k. The actual outturn saw a surplus of £109k (a favourable variance of £183k). After applying the Authority's carry forward policy, the net underspend against the forecast outturn budget was £65k for 2014/15 (£67k underspend for 2013/14).

Navigation Income and Expenditure

Income from tolls was £2,948k (£2,872k in 2013/14), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £133k (£481k in 2013/14) and interest was £9k (£11k in 2013/14). Total income for 2014/15 was £3,090k (£3,364k in 2013/14). No additional funding was received from Defra (£82k in 2013/14 for repairs following the tidal surge).

The Authority set a budget with a forecast surplus of £40k for 2014/15 (surplus of £27k for 2013/14). The Authority now monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for 2014/15, which took account of approved budget changes, indicated an anticipated surplus of £16k. The actual outturn saw a deficit of £2k (an adverse variance of £18k). After applying the Authority's carry forward policy, the net overspend against the forecast outturn budget was £13k (£20k underspend for 2013/14).

Financial Outlook

The Authority received notification in December 2010 that its National Park Grant would be reduced by 21.5% in cash terms over the period 2010/11 to 2014/15. This was on top of the 5% 'in-year' reduction announced in the summer of 2010. In December 2013, further reductions of 2.2% and 1.7% in the grant allocations for 2014/15 and 2015/16 were announced. In cash terms this means that the Authority will have experienced a reduction from £4.44 million in 2009/10 to £3.19 million in 2015/16, and Defra has indicated that there

remains considerable uncertainty about the wider fiscal outlook for public finances with continued downward pressure on Government spending likely.

Income from navigation tolls has however continued to hold up well, and is broadly in line with the projections made in the Authority's current Financial Strategy for the period up to 2017/18, which was adopted by the Broads Authority in January 2015.

The current Financial Strategy was drawn up having regard to the Authority's grant settlement and the priorities in the Broads Plan. It sets out a prudent strategy for managing the limited resources available in order to build on the work underway across the organisation and to continue to deliver the Authority's key priorities over the next three years. The focus in developing the Financial Strategy has been to deliver the maximum possible efficiencies and savings from within central budgets in order to minimise the impact on front-line activity, and this has required some difficult decisions about important services. Although it has not been possible to entirely mitigate the impact on the front line, considerable savings have been proposed within support services and these will be challenging to deliver. The Authority has previously undertaken a fundamental review of its organisational structure and moved from four to two Directorates with effect from April 2013. The Authority is now focussed on identifying opportunities to raise income, make efficiencies and find further savings.

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. In particular, there is considerable uncertainty about the likely levels of National Park Grant funding in the final two years of the current Financial Strategy (2017/18), although the Strategy assumes a standstill position in line with 2015/16 allocations. The Strategy follows the general principle that the Authority should seek to maintain both general and navigation reserves at a minimum of 10% of net expenditure, and that general and navigation income and expenditure should be broadly in balance across the life of the Financial Strategy.

Navigation funding is currently projecting a small surplus of £56k in 2015/16, with reserves at 10.4% of net expenditure at the end of the year. For general funding there is a projected surplus of £83k in 2015/16, with reserves at 24.7% of net expenditure.

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 2016. The annual toll increase, which for 2015/16 was set at 1.7%, will continue to be subject to consultation with the Navigation Committee and other stakeholders.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:-

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

The Treasurer and Financial Adviser's Responsibilities

The Treasurer and Financial Adviser is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code).

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

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

The Treasurer and Financial Adviser has also:

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

Treasurer and Financial Adviser's Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Broads Authority at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

Jill Penn (Treasurer and Financial Adviser)

Certificate of Committee Resolution

I confirm that these accounts were approved by The Broads Authority at its meeting held 25 September 2015.

Signed on behalf of The Broads Authority:

Prof J A Burgess

(Chair of meeting approving the accounts)

25 September 2015

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

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Broads Authority Statement of Accounts
Movement in Reserves Statement

Movement in Reserves Statement

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

2013/14	General Fund and Navigation Fund Balance £000	Capital Grant Unapplied Account £000	Earmarked Reserves £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2013 (A)	959	0	1,849	2,808	(1,533)	1,275
Surplus or (deficit) on the provision of services	(768)	0	0	(768)	0	(768)
Other comprehensive income and expenditure	0	0	0	0	1,410	1,410
Total comprehensive income and expenditure	(768)	0	0	(768)	1,410	642
Adjustments between accounting basis and funding basis under regulations (Note 7)	847	64	0	911	(911)	0
Net increase or (decrease) before transfers to Earmarked Reserves	79	64	0	143	499	642
Transfers to or from Earmarked Reserves (Note 8)	51	0	(51)	0	0	0
Increase or (decrease) in 2013/14 (B)	130	64	(51)	143	499	642
Balance at 31 March 2014 (=A+B)	1,089	64	1,798	2,951	(1,034)	1,917

Broads Authority Statement of Accounts
Movement in Reserves Statement

2014/15	General Fund and Navigation Fund Balance £000	Capital Grant Unapplied Account £000	Earmarked Reserves £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2014 (A)	1,089	64	1,798	2,951	(1,034)	1,917
Surplus or (deficit) on the provision of services	(498)	0	0	(498)	0	(498)
Other comprehensive income and expenditure	0	0	0	0	(1,584)	(1,584)
Total comprehensive income and expenditure	(498)	0	0	(498)	(1,584)	(2,082)
Adjustments between accounting basis and funding basis under regulations (Note 7)	564	(64)	0	500	(500)	0
Net increase or (decrease) before transfers to Earmarked Reserves	66	(64)	0	2	(2,084)	(2,082)
Transfers to or from Earmarked Reserves (Note 8)	77	0	(205)	(128)	0	(128)
Increase or (decrease) in 2014/15 (B)	143	(64)	(205)	(126)	(2,084)	(2,210)
Balance at 31 March 2015 (=A+B)	1,232	0	1,593	2,825	(3,118)	(293)

Broads Authority Statement of Accounts
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.

2013/14				Note	2014/15		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000			Gross Expenditure £000	Income £000	Net Expenditure/ (Income) £000
1,269	(261)	1,008	Conservation of the natural environment		1,102	(205)	897
425	(81)	344	Conservation of cultural heritage		377	(28)	349
532	(14)	518	Recreation management and transport		530	(14)	516
970	(232)	738	Promoting understanding		781	(196)	585
452	(80)	372	Rangers, estates and volunteers		475	(67)	408
444	(84)	360	Development control		433	(83)	350
272	0	272	Forward planning and communities		122	0	122
29	0	29	Non distributed costs		0	0	0
179	0	179	Corporate and democratic core		182	(0)	182
3,592	(3,353)	239	Broads Navigation Account	38	3,154	(3,074)	80
8,164	(4,105)	4,059	Cost of services		7,156	(3,667)	3,489
		53	Other operating expenditure	9			1
		319	Financing and investment income and expenditure	10			253
		(3,663)	Taxation and non-specific grant income	11			(3,245)
		768	(Surplus) or deficit on provision of services				498
		(11)	(Surplus) or deficit on revaluation of fixed assets				0
		(1,399)	Actuarial (gains) / losses on pension assets / liabilities				1,584
		(1,410)	Other comprehensive income and expenditure				1,584
		(642)	Total comprehensive income and expenditure				2,082

Broads Authority Statement of Accounts
Balance Sheet

Balance Sheet

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

As at 31 Mar 14 £000		Note	As at 31 Mar 15 £000
4,366	Property, Plant & Equipment	12	4,312
339	Investment Property	13	339
14	Intangible assets	14	0
14	Long term debtors		9
4,733	Long term assets		4,660
8	Short term investments		4
115	Inventories	16	112
833	Short term debtors	17	599
4,150	Cash and cash equivalents	18	4,312
0	Assets held for sale		3
5,106	Current assets		5,030
(15)	Short term borrowing		(15)
(2,071)	Short term creditors	19	(2,118)
(51)	Provisions	20	(47)
(2,137)	Current liabilities		(2,180)
(181)	Long term borrowing		(167)
(5,604)	Other long term liabilities		(7,636)
(5,785)	Long term liabilities		(7,803)
1,917	Net assets/(liabilities)		(293)
	<u>Useable reserves</u>		
799	General Account fund balance		952
290	Navigation Account fund balance		280
64	Capital Grant Unapplied Account		0
1,798	Earmarked Reserves	8	1,593
	<u>Unusable reserves</u>	22	
1,486	Revaluation Reserve		1,426
2,908	Capital Adjustment Account		2,875
(5,377)	Pension Reserve		(7,372)
(51)	Accumulated Absence Reserve		(47)
1,917	Total reserves		(293)

Jill Penn (Treasurer and Financial Adviser)



22 June 2015

Broads Authority Statement of Accounts
Cash Flow Statement

Cash Flow Statement

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

2013/14 £000	Revenue Activities	Note	2014/15 £000
(768)	Net surplus or (deficit) on the provision of services		(498)
1,850	Adjustments to net surplus or deficit on the provision of services for non-cash movements		1,055
0	Adjust for items in the net surplus or deficit on the provision of services that are Investing and Financing Activities		(56)
1,082	Net cash flows from Operating Activities	23	501
750	Investing Activities	24	(270)
(74)	Financing Activities	25	(69)
1,758	Net increase or (decrease) in cash and cash equivalents		162
2,392	Cash and cash equivalents at the beginning of the reporting period		4,150
4,150	Cash and cash equivalents at the end of the reporting period	18	4,312

Notes to the Statement of Accounts

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, 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 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

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

ii. Accruals of Income and Expenditure

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

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

iii. Cash and Cash Equivalents

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

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

iv. Exceptional Items

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

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

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

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

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

vi. Charges to Revenue for Non-Current Assets

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

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

vii. Employee Benefits

Benefits payable during employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

viii. Events After the Balance Sheet Date

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

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

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

ix. Financial Instruments

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

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

Financial assets are classified into two types:

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

The Authority has not made any material loans.

x. Foreign Currency Translation

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

xi. Government Grants and Contributions

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

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

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

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

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

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

xii. Intangible Assets

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

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

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

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

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

xiii. Investment Property

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

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

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

xiv. Inventories

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

xv. Leases

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

xvi. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

xvii. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment – straight-line allocation between 5 and 7 years, as advised by a suitably qualified officer; and
- infrastructure – straight-line allocation over 25 years.

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 Held for Sale

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

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

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

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

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

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

xviii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note (note 36) to the accounts.

Contingent Assets

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

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

xix. Reserves

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

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

xx. Operating Segments

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 2014/15, however in note 38 to the accounts the navigation income and expenditure is shown.

xxi. Allocation of Costs

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

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

xxii. Revenue Expenditure Funded from Capital Under Statute

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

xxiii. VAT

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

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

The 2015/16 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 2015:

- IFRS 13 *Fair Value Measurement*. This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. This standard will not have a material impact on the Statement of Accounts, due to the Authority not holding surplus assets.
- IFRIC 21 *Levies*. This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.
- Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally proving clarification and will not have a material impact on the Statement of Accounts.

3. Critical judgements in applying accounting policies

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

- There is a degree of uncertainty about future levels of funding for National Parks. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Authority is a member of Whitlingham Charitable Trust of which there are three members. The Authority can appoint up to four trustees and there shall be no more than nine in total. The Trust is limited by guarantee in which each member agrees to contribute £1 in the event of it being wound up. Whitlingham Charitable Trust was established to manage and maintain Whitlingham Country Park for public benefit. Whilst the Authority does have significant influence in the management of the Trust, it does not have a controlling influence, and it does not have any share equity, or any share in profits or losses. It is considered therefore that International Public Sector Accounting Standard (IPSAS) 7 – Accounting for Investments in Associates - does not apply as the charity has no formal equity structure, and the Authority does not derive any financial benefit from the Trust.

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

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

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Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	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 increase by £54,000 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 pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £3,008,000. Further details are set out in the sensitivity analysis in note 35.

5. Material Items of Income and Expense

There are no material items of expense in relation to 2014/15 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 Treasurer and Financial Adviser on 25 September 2015. These financial statements replace the unaudited statements authorised for issue on 22 June 2015. Events that occur after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. However, there have been no post-balance sheet events.

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7. Adjustments between accounting basis and funding basis under regulations

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

General Fund & Navigation Fund	Capital Grant Unapplied	Movement in Unusable Reserves		General Fund & Navigation Fund	Capital Grant Unapplied	Movement in Unusable Reserves
2013/14	2013/14	2013/14		2014/15	2014/15	2014/15
£000	£000	£000		£000	£000	£000
			Adjustments primarily involving the Capital Adjustment Account:			
			Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:			
328	0	(328)	Charges for depreciation and impairment of non-current assets	310	0	(310)
362	0	(362)	Revaluation losses on property, plant and equipment	6	0	(6)
14	0	(14)	Amortisation of intangible assets	14	0	(14)
53	0	(53)	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	51	0	(51)
			Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
0	0	0	Reversal of finance lease liability for disposal of assets	0	0	0
(73)	0	73	Statutory provision for the financing of capital investment	(55)	0	55
(260)	0	260	Capital expenditure charged against the General Fund	(218)	0	218

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General Fund & Navigation Fund 2013/14 £000	Capital Grant Unapplied 2013/14 £000	Movement in Unusable Reserves 2013/14 £000		General Fund & Navigation Fund 2014/15 £000	Capital Grant Unapplied 2014/15 £000	Movement in Unusable Reserves 2014/15 £000
1,006	0	(1,006)	Adjustments involving the Pensions Reserve: Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 35)	955	0	(955)
(522)	0	522	Employer's pension contributions and direct payments to pensioners payable in the year	(544)	0	544
3	0	(3)	Adjustments involving the accumulated Absences Account: Adjustments in relation to short-term compensated absences	(4)	0	4
(64)	64	0	Adjustments involving the Capital Grant Unapplied Account: Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	64	(64)	0
847	64	(911)	Total Adjustments	579	(64)	515

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8. Transfers to / from earmarked reserves

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

	Balance at 31 March 2013 £000	Transfers in 2013/14 £000	Transfers out 2013/14 £000	Balance at 31 March 2014 £000	Transfers in 2014/15 £000	Transfers out 2014/15 £000	Balance at 31 March 2015 £000
Asset Management	(75)	0	75	0	0	0	0
Fen Management Equipment	(73)	0	73	0	0	0	0
Mobile Phone Upgrade / IT Reserve	(16)	0	8	(8)	(7)	14	(1)
New Office Accommodation	(78)	0	78	0	0	0	0
Planning Delivery Grant	(504)	(15)	65	(454)	(6)	106	(354)
Sustainable Development Fund	(66)	(151)	151	(66)	(12)	78	0
STEP	(66)	(70)	128	(8)	0	8	0
Dredging disposal	(124)	0	124	0	0	0	0
Dockyard Vessels and Equipment	(133)	0	133	0	0	0	0
Dockyard Site Maintenance	(29)	0	29	0	0	0	0
Mutford Lock Endowment Fund	(302)	0	302	0	0	0	0
PRISMA	(211)	(233)	199	(245)	(15)	88	(172)
Vessel Replacement Fund	(83)	0	83	0	0	0	0
Upper Thurne Enhancement Scheme	(81)	(1)	0	(82)	0	29	(53)
Section 106 Agreements	(8)	(4)	0	(12)	(31)	27	(16)
Property	0	(586)	18	(568)	(94)	75	(587)
Plant, Vessels and Equipment	0	(310)	94	(216)	(184)	160	(240)
Premises	0	(140)	1	(139)	(31)	0	(170)
Total	(1,849)	(1,510)	1,561	(1,798)	(380)	585	(1,593)

Earmarked reserves

Mobile Phone Upgrade / IT Reserve

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

Planning Delivery Grant

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

Sustainable Development Fund

Balance of Sustainable Development Fund (SDF) grant supplied by Defra National Park Grant. At the end of 2014/15 this fund was closed and transferred to the General Fund.

STEP

A reserve set up for a European Grant part funded project relating to Sustainable Tourism in Estuary Parks. This grant funded project has now finished.

PRISMA

A reserve account set up for European grant part funded projects and trials relating to the development of sustainable techniques and methods for the dredging, treatment and reuse of sediment.

Upper Thurne Enhancement Scheme

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

Section 106 Agreements

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

Property

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

Plant, Vessels and Equipment

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

Premises

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

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9. Other Operating Expenditure

2013/14 £000		2014/15 £000
53 0	Gains / losses on disposal of non-current assets Expenditure on Assets Held for Sale	(5) 6
53	Total	1

10. Financing and Investment Income and Expenditure

2013/14 £000		2014/15 £000
42	Interest payable and similar charges	36
287	Net interest on the net defined benefit liability (asset)	233
(22)	Interest receivable and similar income	(19)
12	Income and expenditure in relation to investment properties and changes in their fair value	3
0	Other investment income	0
319	Total	253

11. Taxation and non-specific grant income

2013/14 £000		2014/15 £000
(3,547)	Defra National Park Grant	(3,245)
(34)	Defra Additional National Park Grant	(0)
(82)	Defra Access Infrastructure Grant	(0)
(3,663)	Total	(3,245)

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12. Property, Plant and Equipment

Movements on balances 2013/14

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 2013	2,708	2,097	302	323	840	6,270
additions	89	133	0	0	49	271
donations	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Revaluation Reserve	(39)	0	0	0	0	(39)
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(364)	0	0	0	0	(364)
derecognition – disposals	(38)	(91)	0	0	0	(129)
assets reclassified (to) / from Investment Property	(339)	0	0	0	0	(339)
assets reclassified (to) / from Assets Under Construction	671	140	0	0	(811)	0
other movements in cost or valuation	0	0	0	0	0	0
At 31 March 2014	2,688	2,279	302	323	78	5,670

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Accumulated depreciation and impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2013	73	884	148	0	0	1,105
depreciation charge	18	295	15	0	0	328
depreciation written out of the Revaluation Reserve	(51)	0	0	0	0	(51)
depreciation written out to the Surplus / Deficit on the Provision of Services	(2)	0	0	0	0	(2)
impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
derecognition – disposals	(2)	(74)	0	0	0	(76)
other movements in depreciation and impairment	0	0	0	0	0	0
At 31 March 2014	36	1,105	163	0	0	1,304

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 31 March 2014	2,652	1,174	139	323	78	4,366
At 31 March 2013	2,635	1,213	154	323	840	5,165

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Movements on balances 2014/15

Cost or valuation	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2014	2,688	2,279	302	323	78	5,670
additions	34	282	0	0	0	316
donations	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(1)	0	0	0	0	(1)
derecognition – disposals	(23)	(116)	0	0	0	(139)
assets reclassified (to) / from Assets Under Construction	59	0	0	0	(59)	0
assets reclassified (to) / from Assets Held for Sale	(8)	0	0	0	0	(8)
other movements in cost or valuation	0	0	0	0	0	0
At 31 March 2015	2,749	2,445	302	323	19	5,838

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

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 31 March 2015	2,687	1,159	124	323	19	4,312
At 31 March 2014	2,652	1,174	139	323	78	4,366

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Depreciation

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

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

Capital Commitments

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

Contract	Total contract value £000	Payments made to 31 March 2015 £000	Outstanding commitments £000
Third replacement Wherry	113	0	113
Total	113	0	113

Impairments

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

Revaluations

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

Significant assumptions applied in estimating the fair values are:

Property, Plant and Equipment of a specialised nature were valued on the basis of what it would cost to reinstate the service, suitably adjusted to reflect for age, wear and tear and obsolescence of the existing asset (Fair Value less depreciated replacement cost).

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

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

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

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	0	0	123	323	19	465
Valued at fair value as at:						
31 March 2015	28	436	0	0	0	464
31 March 2014	569	183	0	0	0	752
31 March 2013	0	447	0	0	0	447
31 March 2012	1,841	118	0	0	0	1,959
31 March 2011	191	34	0	0	0	225
Total cost or valuation	2,629	1,218	123	323	19	4,312

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13. Investment Properties

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

2013/14 £000		2014/15 £000
8 (20)	Rental income from investment property Direct operating expenses arising from investment property	2 (5)
(12)	Net gain / (loss)	(3)

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

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

2013/14 £000		2014/15 £000
0	Balance at start of the year	339
	Additions:	
0	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
0	Net gains / losses from fair value adjustments	0
	Transfers:	
0	To / from Inventories	0
339	To / from Property, Plant and Equipment	0
0	Other changes	0
339	Balance at end of the year	339

14. Intangible Assets

The Authority internally generated a website www.enjoythebroads.com which would be classified as an intangible asset as it meets strict IAS 38 requirements to be recognised on the balance sheet. The useful life of the website is 5 years and the carrying amount is amortised on a straight line basis.

The movement on Intangible Assets balances during the year is as follows:

2013/14 Total £000		Internally Generated Assets £000	Other Assets £000	2014/15 Total £000
	Balance at start of year:			
68	Gross carrying amounts	68	0	68
(41)	Accumulated amortisation	(55)	0	(55)
27	Net carrying amount at start of year	13	0	13
	Additions:			
0	Internal development	0	0	0
(14)	Amortisation for the period	(13)	0	(13)
13	Net Carrying Amount at the end of the year	0	0	0
	Comprising:			
68	Gross carrying amounts	68	0	68
(55)	Accumulated amortisation	(68)	0	(68)
13		0	0	0

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15. Financial Instruments

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

	Long-term		Current	
	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Investments				
Loans and receivables	0	0	2,758	3,254
Financial assets at fair value through profit and loss	0	0	0	0
Total investments	0	0	2,758	3,254
Debtors				
Loans and receivables	14	11	833	599
Financial assets carried at contract amounts	0	0	0	0
Total debtors	14	11	833	599
Borrowings				
Financial liabilities at amortised cost	181	167	15	15
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	181	167	15	15
Other Long Term Liabilities				
Finance lease liabilities	79	118	50	53
Total other long term liabilities	79	118	50	53
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	2,022	2,065
Total Creditors	0	0	2,022	2,065

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Income, Expense Gains and Losses

2013/14				2014/15		
Financial Liabilities measured at amortised cost £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000		Financial Liabilities measured at amortised cost £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000
42	0	42	Interest Expense	36	0	36
42	0	42	Total expense in Surplus or Deficit on the Provision of Services	36	0	36
0	(22)	(22)	Interest Income	0	(19)	(19)
0	(22)	(22)	Total Income in Surplus or Deficit on the Provision of Services	0	(19)	(19)
42	(22)	20	Net (gain) / loss for the year	36	(19)	17

Notes to the Statement of AccountsFair Values of Assets and Liabilities

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

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

The fair values calculated are as follows:

	31 March 2014		31 March 2015	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	261	308	284	340
Long term Creditors	0	0	0	0

	31 March 2014		31 March 2015	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	0	0	0	0
Long term Debtors	14	14	10	10

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

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

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16. Inventories

	Consumable Stores		Maintenance Materials		Total	
	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000
Balance outstanding at start of year	46	43	66	72	112	115
Purchases	38	38	72	85	110	123
Recognised as an expense in year	(41)	(37)	(66)	(89)	(107)	(126)
Written off balances	0	0	0	0	0	0
Balance outstanding at year-end	43	44	72	68	115	112

17. Debtors

31 March 2014 £000		31 March 2015 £000
209	Central government bodies	125
10	Other local authorities	5
481	Prepayments	385
133	Other entities and individuals	84
833	Total	599

18. Cash and Cash Equivalents

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

31 March 2014 £000		31 March 2015 £000
2	Cash held by the Broads Authority	2
2,750	Investments with Broadland District Council	3,250
1,398	Bank current accounts	1,060
4,150	Total Cash and Cash Equivalents	4,312

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19. Creditors

31 March 2014 £000		31 March 2015 £000
1	Central government bodies	63
11	Other local authorities	19
1	NHS bodies	0
1,651	Accruals	1,612
0	Public corporations and trading funds	0
407	Other entities and individuals	424
2,071	Total	2,118

20. Provisions

2013/14				2014/15		
Accumulated Absences Provision £000	Accumulated Absences Provision £000	Accumulated Absences Provision £000		Accumulated Absences Provision £000	Redundancy Provision £000	Total £000
48	48	48	Balance at 1 April	51	0	51
51	51	51	Additional provisions made in year	47	0	47
(48)	(48)	(48)	Settlements or cancellation of provision made at end of preceding year	(51)	0	(51)
0	0	0	Unused amounts reversed in year	0	0	0
0	0	0	Unwinding of discounting in year	0	0	0
51	51	51	Balance at 31 March	47	0	47

No provision for redundancy costs was made in 2013/14 or 2014/15. For more information on the Accumulated Absence Account, see note 22.

21. Usable reserves

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

22. Unusable reserves

31 March 2014 £000		31 March 2015 £000
1,486	Revaluation reserve	1,426
2,908	Capital Adjustment Account	2,875
(5,377)	Pensions Reserve	(7,372)
(51)	Accumulated Absences Account	(47)
(1,034)	Total unusable reserves	(3,118)

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Revaluation Reserve

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

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

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

2013/14 £000			2014/15 £000
1,499	Balance at 1 April		1,486
40	Upward revaluation of assets	0	
(28)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	0	
12	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services		0
(25)	Difference between fair value depreciation and historical cost depreciation	(33)	
0	Accumulated gains on assets sold or scrapped	0	
0	Asset disposed of 2013/14, balance still on reserve	(27)	
(25)	Amount written off to the Capital Adjustment Account		(60)
1,486	Balance at 31 March		1,426

Capital Adjustment Account

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

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

2013/14 £000			2014/15 £000
3,308	Balance at 1 April		2,908
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(328)	Charges for depreciation and impairment of non current assets	(310)	
(362)	Revaluation losses on Property Plant & Equipment	(6)	
(14)	Amortisation of intangible assets	(14)	
(53)	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	(51)	
(757)		(381)	
25	Adjusting amounts written out of the revaluation reserve	60	
(732)	Net written out amount of the cost of non-current assets consumed in the year		(321)
	Capital financing applied in the year:		
0	Use of Capital Receipts Reserve to finance new capital expenditure	0	
0	Use of the Major Repairs Reserve to finance new capital expenditure	0	
0	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0	
0	Donated Assets (no conditions)	0	
72	Statutory provision for the financing of capital investment charged against the General Fund	70	
	Removal of Finance Lease Liability for assets returned in year		
260	Capital expenditure charged against the General Fund	218	
332			288
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	

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2,908	Balance at 31 March		2,875
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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.

2013/14 £000		2014/15 £000
(6,292)	Balance at 1 April	(5,377)
1,399	Remeasurements of the net defined benefit liability / (asset)	(1,584)
(1,006)	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	(955)
522	Employer's pension contributions and direct payments to pensioners payable in the year	544
(5,377)	Balance at 31 March	(7,372)

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Accumulated Absences Account

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

2013/14 £000		2014/15 £000
(48)	Balance at 1 April	(51)
48	Settlement or cancellation of accrual made at the end of the preceding year	51
(51)	Amounts accrued at the end of the current year	(47)
(3)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4
(51)	Balance at 31 March	(47)

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23. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

2013/14 £000		2014/15 £000
(48)	Interest received	(23)
42	Interest paid	36
0	Dividends received	0
(6)	Net cash flows from operating activities	13

24. Cash Flow Statement – Investing Activities

2013/14 £000		2014/15 £000
(260)	Purchase of property, plant and equipment, investment property and intangible assets	(218)
1,010	Other payments from investing activities	4
0	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(56)
750	Net cash flows from investing activities	(270)

25. Cash Flow Statement – Financing Activities

2013/14 £000		2014/15 £000
0	Cash receipts of short and long term borrowing	0
(59)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(54)
0	Other receipts from Financing Activities	0
(15)	Repayments of short and long term borrowing	(15)
(74)	Net cash flows from financing activities	(69)

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26. Amounts reported for resource allocation decisions

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

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

The Authority completed the final stage of an organisational restructure in April 2013. The figures for 2012/13 have been restated to reflect the current Directorate structure in place during the financial year and are comparable with the 2013/14 figures.

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

Income and Expenditure 2013/14	Operations £000	Planning & Resources £000	Chief Executive £000	PRISMA £000	STEP £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(313)	(567)	0	(260)	(71)	(2,913)	(4,124)
Contributions from reserves	0	0	0	0	0	(343)	(343)
Government Grants	0	0	0	0	0	(3,581)	(3,581)
Total Income	(313)	(567)	0	(260)	(71)	(6,837)	(8,048)
Employee expenses	1,894	1,759	281	28	10	0	3,972
Other service expenses	1,316	2,029	141	199	128	73	3,886
Total expenditure	3,210	3,788	422	227	138	73	7,858
Net expenditure	2,897	3,221	422	(33)	67	(6,764)	(190)

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

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

2013/14 £000		2014/15 £000
(190)	Net expenditure in the directorate analysis	(108)
904	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	504
3,345	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	3,099
4,059	Cost of services in Comprehensive Income and Expenditure Statement	3,495

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Reconciliation between Segmental Reporting and Comprehensive Income & Expenditure Statement

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

2013/14	Service analysis £000	Amounts not reported to management for decision making £000	Amounts included in analysis but not in CI&ES £000	Cost of services £000	Corporate amounts £000	Total £000
Fees, Charges & Other Service Income	(4,102)	0	0	(4,102)	0	(4,102)
Interest & Investment Income	(22)	0	22	0	(22)	(22)
Contributions from reserves	(343)	0	65	(278)	0	(278)
Government Grants & Contributions	(3,581)	0	3,581	0	(3,663)	(3,663)
Total Income	(8,048)	0	3,668	(4,380)	(3,685)	(8,065)
Employee Expenses	3,972	200	0	4,172	287	4,459
Other service expenses	3,886	0	(323)	3,563	0	3,563
Depreciation, Amortisation & Impairment	0	704	0	704	0	704
Interest Payments	0	0	0	0	42	42
Income and expenditure relating to investment properties	0	0	0	0	12	12
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	53	53
Total Expenditure	7,858	904	(323)	8,439	394	8,833
(Surplus) or Deficit on the Provision of Services	(190)	904	3,345	4,059	(3,291)	768

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2014/15	Service analysis £000	Amounts not reported to management for decision making £000	Amounts included in analysis but not in CI&ES £000	Cost of services £000	Corporate amounts £000	Total £000
Fees, Charges & Other Service Income	(3,679)	0	0	(3,679)	0	(3,679)
Interest & Investment Income	(19)	0	19	0	(19)	(19)
Contributions from reserves	(384)	0	159	(225)	0	(225)
Government Grants & Contributions	(3,245)	0	3,245	0	(3,245)	(3,245)
Total Income	(7,327)	0	3,423	(3,904)	(3,264)	(7,168)
Employee Expenses	3,944	174	0	4,118	233	4,351
Other service expenses	3,275	0	(324)	2,951	0	2,951
Depreciation, Amortisation & Impairment	0	330	0	330	0	330
Interest Payments	0	0	0	0	36	36
Income and expenditure relating to investment properties	0	0	0	0	3	3
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	(5)	(5)
Total Expenditure	7,219	504	(324)	7,399	267	7,666
(Surplus) or Deficit on the Provision of Services	(108)	504	3,099	3,495	(2,997)	498

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27. Members' Allowances

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

2013/14 £000		2014/15 £000
39	Allowances	40
9	Expenses	10
48	Total	50

28. Officers' Remuneration

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

		Salary, Fees and Allowances £000	Bonuses £000	Expenses Allowances £000	Pension Contribution £000	Total £000
Chief Executive	2013/14	79	0	1	12	92
	2014/15	82	0	0	12	94
Director of Planning & Resources	2013/14	54	0	0	8	62
	2014/15	58	0	0	9	67
Director of Operations	2013/14	54	0	0	8	62
	2014/15	58	0	0	9	67

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

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2013/14 Number of Employees		2014/15 Number of Employees
3	£50,000 - £54,999	0
0	£55,000 - £59,999	2
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
1	£80,000 - £84,999	1

Exit Packages

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

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14 £000	2014/15 £000
£0 - £20,000	0	6	0	0	0	6	0	34
£20,001 - £40,000	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	34

29. 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:

2013/14 £000		2014/15 £000
12	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	13
0	Fees payable to external auditors in respect of statutory inspections	0
0	Fees payable to external auditors for the certification of grant claims and returns for the year	0
0	Fees payable in respect of other services provided by external auditors during the year	0
12	Total	13

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30. Grant Income

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

2013/14 £000		2014/15 £000
3,582	Credited to taxation and non-specific grant income:	
82	Defra National Park Grant	3,245
	Defra grant for access infrastructure repairs	0
6	Credited to services:	
	Defra INSPIRE (Infrastructure for Spatial Information in the European Community) directive grant	0
3,670	Total	3,245

31. Related Parties

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

Central Government

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

Members

Members of the Broads Authority have direct control over the Authority's financial and operating policies. Members of the Navigation Committee have a consultative role in respect of navigation matters. The Authority wrote to all Members requesting details of any related party transactions. Details of Members' expenses are included in note 27.

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 Kelvin Allen is a member of the Broads Authority and the Navigation Committee, and was also the Treasurer of the 'Broads Angling Strategy Group' (BASG), received no grant funding from the Authority's Sustainable Development Fund during the year (£10,000 in 2013/14).

Mr Lorne Betts is a member of the Navigation Committee and has a relationship with 'Lorne Betts Riverside Piling and Construction' which was contracted to undertake repairs, piling

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and litter picking during the year. The Authority paid £16,512 for these works in 2013/14 (£1,722 in 2013/143). No amounts were outstanding at 31 March 2015.

Mr Alan Goodchild is a member of the Navigation Committee and has a relationship with 'Goodchild Marine' which was contracted by the Authority to undertake refits of vessels during the year, supply diesel fuel and mooring facilities. The Authority paid £6,394 for refits, £6,402 for fuel and moorings in 2014/15 (£36,914 for refits, and £6,830 for fuel and moorings and £65,213 for dredging in 2013/14). The balance outstanding at 31 March 2015 was £116. Mr Goodchild took no part in the decision-making process associated with these contracts.

Mr Paul Greasley is a member of the Navigation Committee and has a relationship with 'Norfolk Broads Direct Ltd' which paid £100,903 navigation tolls to the Broads Authority in 2014/15 (£98,001 in 2013/14). The Authority paid £1,142 for Boat Trip services provided (£638 in 2013/14) and received income of £618 in respect of electric cards (£533 in 2013/14). The Broads Authority made no grant payments from the Sustainable Development Fund in 2014/15 (£2,392 in 2013/14). The balance outstanding at 31 March 2015 was £116.

Mr James Knight is a member of the Navigation Committee and has a relationship with 'Waveney River Centre (2003) Ltd' which paid £6,589 navigation tolls to the Broads Authority in 2014/15 (£6,369 in 2013/14). The Authority also made fuel purchases of £973 (£1,628 in 2013/14) and used mooring facilities of £4,140 (nil in 2013/14) during 2014/15. The balance outstanding at 31 March 2015 was £58.

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

Officers

The Chief Executive represents the Broads Authority on the board of the Whitlingham Charitable Trust. Officer remuneration is detailed in note 28.

Whitlingham Charitable Trust

During the year the Authority provided administration services for Whitlingham Charitable Trust of £52,083 (£38,688 in 2013/14). The balance outstanding at 31 March 2015 was £27,303 (£22,563 at 31 March 2014).

The Broads Authority also provides a recharge service for purchase invoices and salaries of £49,166 (£64,400 in 2013/14). The balance outstanding at 31 March 2014 was £12,818 (£15,607 at 31 March 2014).

The Whitlingham Charitable Trust also invoiced the Authority £14,400 (£15,264 in 2013/14) for rental income for the lease of the visitor centre and moorings. The balance outstanding at year end was £nil (£nil at 31 March 2014). The Trust also recharged purchase invoices of £1,160 (£nil 2013/14). This was not outstanding at year end (£nil in 2013/14).

Other Public Bodies

Broadland District Council provides financial and payroll services (payroll up until September 2014) for the Broads Authority. The Broads Authority was charged £11,497 in 2014/15 for the provision of these services (£18,411 in 2013/14).

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In 2013/14 up until September 2014, officers' salaries, expenses and members' expenses totalled £2.203m (£4.061m in 2013/14). The Council also provides treasury management of the Authority's investments, which were £3,250,000 as at 31 March 2015 (£2,750,000 as at 31 March 2014).

The Authority received no grant contributions during 2014/15 (£9,540 in 2013/14 from the Council towards works at Reedham Quay).

The Authority also recharged the Council for staff of £13,697 during 2014/15. The balance outstanding at 31 March 2015 was £3,287.

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

Norfolk County Council provides legal services to the Broads Authority via its legal practice, NPLaw. The Authority paid £131,612 for legal services in 2013/14 (£100,936 in 2013/14). The Practice Director of NPLaw served as the Solicitor and Monitoring Officer to the Broads Authority until 20 March 2015. From October 2015 Norfolk County Council provides payroll services to the Broads Authority. The Authority paid £9,073 for this.

32. 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.

2013/14 £000		2014/15 £000
383	Opening Capital Finance Requirement	319
	<u>Capital Investment</u>	
271	Property, Plant and Equipment	316
0	Intangible Assets	0
	<u>Sources of Finance</u>	
	Sums set aside from revenue:	
(260)	Direct revenue contributions	(218)
(75)	MRP	(70)
0	Other contributions	0
319	Closing Capital Finance Requirement	347
	<u>Explanation of movements in year</u>	
(75)	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	(69)

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11	Assets acquired under finance leases	97
(64)	Increase / (decrease) in Capital Financing Requirement	28

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33. 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:

2013/14 £000		2014/15 £000
0	Other Land and Buildings	0
158	Vehicles, Plant, Furniture and Equipment	203
158	Total	203

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:

2013/14 £000		2014/15 £000
50	Finance lease liabilities (net present value of minimum lease payments):	54
79	• Current	118
12	• Non-current	13
	Finance costs payable in future years	
141	Minimum lease payments	185

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Not later than one year	54	57	50	54
Later than one year and not later than 5 years	87	128	79	118
Later than 5 years	0	0	0	0
	141	185	129	172

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 2014/15, no (£0) contingent rents were payable by the Authority (2013/14 £0).

Operating Leases

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

2013/14 £000		2014/15 £000
144	Not later than one year	144
533	Later than one year and not later than 5 years	395
451	Later than 5 years	456
1,128	Total	995

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

2013/14 £000		2014/15 £000
161	Minimum lease payments	172
0	Contingent rents	0
0	(sub-lease payments receivable)	0
161	Total	172

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:

2013/14 £000		2014/15 £000
36	Not later than one year	35
126	Later than one year and not later than 5 years	91
0	Later than 5 years	0
162	Total	126

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.

34. Termination Benefits

The Authority terminated the contracts of six employees who were made redundant in 2014/15 as the final stage of the Broads Authority's organisational restructuring. In terminating these contracts the Authority incurred liabilities of £34,916, of which £nil related to enhanced pension benefits. The liabilities relating to termination benefits of £56,094, of which £17,870 related to enhanced pension benefits were incurred during 2013/14 and no provision for any future redundancy payments was established in the year.

35. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

Transactions Relating to Post-Employment Benefits

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

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2013/14 £000		2014/15 £000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
690	• current service cost	722
29	• past service costs / (gain)	0
0	• (gain) / loss from settlements	0
	Financing and investment income and expenditure	
287	• net interest expense	233
1,006	Total post-employment benefits charged to the surplus or deficit on the provision of services	955
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
(1,892)	• return on plan assets (excluding the amount included in the net interest expense)	(1,639)
548	• actuarial gains and losses arising on changes in demographic assumptions	0
(1,069)	• actuarial gains and losses arising on changes in financial assumptions	3,560
1,014	• other experience	(337)
(1,399)	Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	1,584
	Movement in Reserves Statement	
1,006	• reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	955
	Actual amount charged against the General Fund balance for pensions in the year:	
(522)	• employers' contributions payable to scheme	(544)

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Pension Assets and Liabilities Recognised in the Balance Sheet

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

2013/14 £000		2014/15 £000
(22,809)	Present value of the defined benefit obligation	(27,383)
17,433	Fair value of plan assets	20,011
(5,376)		(7,372)
0	Other movements in the liability / (asset)	0
(5,376)	Net liability arising from defined benefit obligation	(7,372)

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

2013/14 £000		2014/15 £000
14,865	Opening fair value of scheme assets	17,433
669	Interest income	744
	Remeasurement gain / (loss):	
1,892	• The return on plan assets, excluding the amount included in the net interest expense	1,639
0	• Other	0
0	The effect of changes in foreign exchange rates	0
522	Contributions from employer	544
192	Contributions from employees into the scheme	206
(707)	Benefits paid	(555)
0	Other	0
17,433	Closing fair value of scheme assets	20,011

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

2013/14 £000		2014/15 £000
21,157	Balance at 1 April	22,810
690	Current service cost	722
956	Interest cost	977
192	Contributions from scheme participants	206
	Remeasurement (gains) and losses:	
548	• Actuarial gains / losses arising from changes in demographic assumptions	0
(1,069)	• Actuarial gains / losses arising from changes in financial assumptions	3,560
1,014	• Other	(337)
29	Past service cost	0
0	Losses / (gains) on curtailment	0
0	Liabilities assumed on entity combinations	0
(707)	Benefits paid	(555)
0	Liabilities extinguished on settlements (where relevant)	0
22,810	Balance at 31 March	27,383

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Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2013/14 £000				Fair value of scheme assets 2014/15 £000		
Quoted prices in active markets	Quoted prices in active markets	Quoted prices in active markets		Quoted prices in active markets	Quoted prices not in active markets	Total
0.0	447.1	447.1	Cash and cash equivalents:			
			• All cash and cash equivalents	0.0	534.0	534.0
			Equity instruments:			
1,059.1	-	1,059.1	• Consumer	860.3	-	860.3
971.3	-	971.3	• Manufacturing	1,061.5	-	1,061.5
541.9	-	541.9	• Energy and utilities	440.6	-	440.6
1,085.8	-	1,085.8	• Financial institutions	1,286.9	-	1,286.9
495.4	-	495.4	• Health and care	676.7	-	676.7
311.8	-	311.8	• Information technology	680.0	-	680.0
774.1	-	774.1	• Other	1,014.2	-	1,014.2
			Bonds (Debt securities):			
703.6	-	703.6	• Corporate bonds (investment grade)	841.8	-	841.8
25.0	-	25.0	• Corporate bonds (non-investment grade)	21.8	-	21.8
0.0	-	0.0	• UK Government	0.0	-	0.0
61.5	-	61.5	• Other	0.0	-	0.0
			Private equity:			
-	1,199.3	1,199.3	• All private equity	-	1,316.1	1,316.1
			Property:			
-	1,737.2	1,737.2	• UK property	-	2,125.3	2,125.3
-	258.5	258.5	• Overseas property	-	244.0	244.0
			Other investment funds and unit trusts:			
5,042.2	-	5,042.2	• Equities	8,054.3	-	8,054.3
2,711.7	-	2,711.7	• Bonds	828.7	-	828.7
			Derivatives:			
7.6	-	7.6	• Other derivatives	24.8	-	24.8
13,791.0	3,642.1	17,433.1		15,791.6	4,219.4	20,011.0

Broads Authority Statement of Accounts
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Basis for estimating assets and liabilities

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

The principal assumptions used by the actuary have been:

31 March 2014		31 March 2015
	Long term expected rate of return on assets in the scheme:	
4.3%	• Equity investments*	3.2%
4.3%	• Bonds*	3.2%
4.3%	• Property*	3.2%
4.3%	• Cash*	3.2%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.1 years	• Men	22.1 years
24.3 years	• Women	24.3 years
	Longevity at 65 for future pensioners:	
24.5	• Men	24.5
26.9	• Women	26.9
2.8%	Rate of inflation	2.4%
3.6%	Rate of increase in salaries	3.3%
2.8%	Rate of increase in pensions	2.4%
4.3%	Rate for discounting scheme liabilities	3.2%
	Take up of option to convert annual pension into retirement lump sum:	
50%	Pre- April 2008 service	50%
75%	Post- April 2008 service	75%

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

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

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

Change in assumptions at 31 March 2015	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	11%	3,008
1 year increase in member life expectancy	3%	821
0.5% increase in the salary increase rate	3%	947
0.5% increase in the pension increase rate	7%	2,003

Techniques used to manage risk

The Pensions Committee of Norfolk County Council considers long term liabilities when setting its investment strategy but does not follow a specific liability matching investment approach having taken appropriate professional advice. The Committee has agreed an asset allocation benchmark, a performance target and various controls on the Fund's investments. These reflect their views on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk. The Committee monitors and reviews the performance of investments and the overall strategy on a regular basis, supported by advice from professional advisers as required. A large proportion of the Fund's assets relate to equities (68% of scheme assets) and bonds (8%). 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 2016.

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 £525,000 to the scheme in 2015/16.

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

Broads Authority Statement of Accounts
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	Liability split	Weighted average duration
Active members	57.5%	22.4
Deferred members	20.0%	23.3
Pensioner members	22.5%	12.3
Total	100.0%	19.6

36. Contingent Liabilities

The Authority has identified two material contingent liabilities:

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.

Judicial Review

A claim for Judicial Review has been issued in respect of the Broads Authority decision to brand the area as a National Park. The Authority has submitted its grounds of resistance and now the matter is awaiting determination on the papers at the High Court. If permission is granted, a hearing to determine the claim will follow. At this stage, it is therefore not possible to determine the potential legal costs, which may arise from this claim.

Appeal against Adjacent tolls decision

The Authority has applied to the High Court to appeal against a recent Crown Court decision which overturned a conviction against an individual for failing to pay the appropriate toll for mooring. At this stage it is not possible to determine the potential legal costs or effect this case may have on other similar situations.

37. 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 via Broadland District Council under their Treasury Management Strategy which requires that deposits are not made with banks and financial institutions unless they are highly rated. Therefore the Broads Authority does not consider there to be any quantifiable risk in relation to investments.

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

Liquidity Risk

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

Market Risk

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

Foreign Exchange Risk

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

Broads Authority Statement of Accounts
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38. Navigation Income and Expenditure Account

2013/14				2014/15		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000
3,591 12	(3,353) 0	238 12	Navigation Fund Non-distributed costs	3,155 0	(3,074) 0	81 0
3,603	(3,353)	250	Net cost of services	3,155	(3,074)	81
		48	Other operating expenditure			(2)
		139	Financing and investment income and expenditure			113
		(82)	Taxation and non-specific grant income			0
		355	(Surplus) or deficit on the provision of services			192
		(17)	(Surplus) or deficit on revaluation of fixed assets			0
		(596)	Actuarial (gains) / losses on pension assets / liabilities			671
		(258)	Total comprehensive income and expenditure			863

Glossary of Terms

ACCOUNTING PERIOD

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

ACCOUNTING POLICIES

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

ACCRUALS

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

ACTUARIAL GAINS AND LOSSES

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

AMORTISATION

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

AMORTISED COST

This is cost that has been adjusted for amortisation.

ASSET

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

BUDGET

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

CAPITAL INCOME AND EXPENDITURE

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

CAPITAL FINANCING

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

CASH EQUIVALENTS

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

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

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

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING (the Code)

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

COMMUNITY ASSETS

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

CONTINGENT LIABILITIES

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

CORPORATE AND DEMOCRATIC CORE (CDC)

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

CREDITORS

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

CURRENT VALUE

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

DEBTORS

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

DEFICIT

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

DEPRECIATION

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

EXPECTED RETURN ON PENSION ASSETS

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

FAIR VALUE

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

FINANCIAL ASSET

A right to future economic benefits.

FINANCIAL INSTRUMENT

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

FINANCIAL LIABILITY

An obligation to transfer economic benefits.

FINANCE LEASE

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

LONG TERM ASSETS

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

GOVERNMENT GRANTS

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

HISTORIC COST

The cost of an asset when originally bought.

IAS19 RETIREMENT BENEFITS

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

IMPAIRMENT

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

INFRASTRUCTURE ASSETS

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

INTANGIBLE ASSETS

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

INVESTMENT PROPERTIES

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

LIABILITY

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

MARKET PRICE

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

MINIMUM REVENUE PROVISION (MRP)

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

NET BOOK VALUE

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

NON DISTRIBUTED COSTS

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

OPERATING LEASE

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

OUTTURN

The actual amount spent in the financial year.

PENSION FUND

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

PROVISION

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

RESERVES

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

REVENUE INCOME AND EXPENDITURE

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

SERVICE REPORTING CODE OF PRACTICE (SeRCOP)

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

SURPLUS

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

VALUE ADDED TAX (VAT)

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

VARIANCE / VARIATION

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

Internal Audit Annual Report and Opinion 2014/15

Report by Head of Internal Audit

Summary: This report provides the Authority with an Annual Report and Opinion for 2014/15, drawing upon the outcomes of Internal Audit work performed over the course of the year. The report also concludes on the Effectiveness of Internal Audit.

Recommendation:

That the Committee is requested to:

- (i) receive and approve the contents of the Annual Report and Opinion of the Internal Audit Consortium Manager.
- (ii) note that an adequate audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2015.
- (iii) note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration when developing and reviewing the Authority's Annual Governance Statement for 2014/15.
- (iv) note the conclusions of the Review of the Effectiveness of Internal Audit.

1 Introduction / Background

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

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

and targets should be summarised

- Any other issues considered relevant to the Annual Governance Statement should be recorded

1.2 This report now also contains conclusions on the Review of the Effectiveness of Internal Audit, which includes:

- The degree of conformance with the PSIAS and the results of any quality assurance and improvement programme
- The outcomes of the performance indicators
- The degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit

1.3 The Annual Report and Opinion 2014/15 and the Review of the Effectiveness of Internal Audit are shown in the report attached.

1.4 On the basis of Internal Audit work performed during 2014/15, the Internal Audit Consortium Manager is able to give an **adequate** opinion on the framework of governance, risk management and control at the Broads Authority.

1.5 The outcomes of the Effectiveness Review confirm that Internal Audit:

- is compliant with the Public Sector Internal Audit Standards;
- is continually monitoring performance and looking for ways to improve; and
- is compliant with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.

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

Background papers: None

Author: Emma Hodds, Internal Audit Consortium Manager
Date of report: 19 June 2015

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Annual Report and Opinion 2014/15

Eastern Internal Audit Services



THE BROADS AUTHORITY

Annual Report and Opinion 2014/15

Responsible Officer: Emma Hodds – Internal Audit Consortium Manager

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1. INTRODUCTION

- 1.1 The Authority is required by the Accounts and Audit Regulations 2011 to maintain an adequate and effective system of internal audit of its accounting records and internal control systems in accordance with proper internal audit practices. (The Regulations were recently updated, which took effect from 1 April 2015, however these do not apply to this year end opinion, and future opinions will be updated accordingly.) Those proper practices are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2013.
- 1.2 Those standards require the Chief Audit Executive (known in this context as the IACM) to provide a written report to those charged with governance (known in this context as the Financial Scrutiny and Audit Committee) to support the Annual Governance Statement (AGS). This report must set out:-
- The opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control during 2014/15, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried out from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation's Annual Governance Statement, but there are also a number of other important sources to which the Financial Scrutiny and Audit Committee and statutory officers of the Authority should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 5**.

2. ANNUAL OPINION OF THE IACM

2.1 Roles and responsibilities

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

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with Management Team and key stakeholders and then approved by the Financial Scrutiny and Audit Committee at its meeting on the 11th February 2014. Any justifiable amendments that are requested during the year are discussed and agreed with senior management, there have been no such changes to the 2014/15 internal audit plan. This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be taken into account during the preparation of the AGS.

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

2.2 The opinion itself

- The overall opinion is that the Authority's framework of governance, risk management and controls is **adequate**.

It is also noted that a **good** assurance was awarded on conclusion of the specific review of corporate governance and risk management, and also on conclusion of the review of the Authority's key controls within the fundamental financial systems. The other reviews undertaken within the financial year of Consultation Activities and Partnership Activities and End User Controls (IT), both concluded with an **adequate** assurance.

- In providing the opinion the Authority's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified therefrom have been taken into account.
- The opinion has been discussed with the Section 17 Officer and the Head of Finance prior to publication.

3. AUDIT WORK UNDERTAKEN DURING THE YEAR

3.1 **Appendix 1** records the internal audit work delivered during the year on which the opinion is based. Detailed findings, conclusions and agreed management actions can be provided upon request. In addition **Appendix 2** is attached which shows the assurances provided over previous financial years to provide an overall picture of the control environment.

3.2 The 2014/15 Annual Internal Audit Plan included 4 audits, totalling 34 days. As Committee are aware the audit of Corporate Governance and Risk Management was a retrospective conclusion for 2013/14 and was included in the 2013/14 annual report and opinion and has previously been reported. The conclusion of the remaining 3 audits is summarised thus:

Consultation Activities and Partnership Provision

The scope of the audit covered; a review of the work undertaken by the Broads Forum, which is a formally constituted consultative body; plans for the role and development of the new Parish Forums; an independent assessment of the implementation of the findings of the consultative review carried out during 2012/13; a review of other consultative arrangements including those applied in the development of the Broads Authority's Annual Strategic Priorities; and a review of the partnership register and governance arrangements.

On conclusion an **adequate** assurance opinion was awarded with three medium and two low priority recommendations agreed with management. The medium recommendations relate to ensuring that more formal feedback is received from the Parish Forum and that they have a greater involvement in setting the strategic priorities.

Key Controls and Assurance Work

This audit is undertaken annually and reviews the key controls within the fundamental financial systems that inform the Statement of Accounts for year end. On conclusion of the review a **good** opinion was awarded, as in the previous year; indicating a stable control environment in these key areas. Thus highlighting a sound system of internal control designed to achieve the client's objectives, with these control processes being consistently applied.

End User Controls

The IT audit of End User Controls relate to staff use of Authority-issued devices such as PCs and mobile devices such as laptops and smartphones and the controls in place to mitigate the loss of the devices and the data contained within them.

The audit covered PC End User Controls; Laptop Security; Mobile Devices (smartphones, USB devices, etc.); and End User Asset Management and concluded with an **adequate** assurance opinion, with three medium and five low priority recommendations agreed with management for implementation.

Appendix 3 to this report provides the Executive Summaries relating to the above 3 reports.

- 3.3 The 2015/16 Annual Internal Audit Plan, which has been approved by this Committee also included a review of Corporate Governance and Risk Management and looked at the arrangements that were in place for 2014/15 and is considered when writing this report. The Executive Summary is attached at **Appendix 3**.

Corporate Governance and Risk Management

The objective of the audit was to review the systems and controls in place within the promotion of ethics and values, pursuit of strategic objectives, communication and coordination of activities and information within the organisation, along with risk management, to help confirm these are operating adequately, effectively and efficiently.

The audit concluded with a **good** assurance opinion. Three areas were identified where further enhancements could be made; in particular, linking the Strategic Risk Register clearly to the Strategic Objectives and Annual Strategic Priorities, mitigating actions and further necessary actions on the Strategic Risk Register be reviewed for all risks to ensure they are giving adequate assurance to reduce the residual risk scoring, and the risk register is added as a standing agenda item for the Financial Scrutiny and Audit Committee.

An operational effectiveness matter was also highlighted within the report for management consideration in relation to formally reminding staff to review the Code of Conduct and Code of Corporate Governance documents, to ensure they remain compliant.

- 3.4 Internal audit work is divided into 4 broad categories;
- Annual opinion audits;
 - Fundamental financial systems that underpin the Authority's financial processing and reporting;
 - Other systems identified as worthy of review by the risk assessment processes within internal audit;
 - Significant computer systems which provide the capability to administer and control the Authority's main activities.
- 3.5 In relation to the follow up of management actions to ensure that they have been effectively implemented the position at year end is that 17 recommendations were closed during 2014/15, with only 2 remaining outstanding. A further 11 recommendations have been agreed with management within year however these are not yet due for implementation. The Key Controls and Assurance Work audit reviewed the position and responses from management; this review indicates that work is in progress to implement the remaining

recommendations. In addition this Committee receives regular reports from the Head of Finance in relation to the implementation of Internal Audit recommendations and thus keeps a watching brief on progress over the financial year. A summary position in relation to these recommendations is attached at **Appendix 4** to the report.

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

4. THIRD PARTY ASSURANCES

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

5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

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

- 5.1.1 A checklist for conformance with the PSIAS and the Local Government Application Note has been completed for 2014/15. This covers; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.
- 5.1.2 The Attribute Standards address the characteristics of organisations and parties performing Internal Audit activities, in particular; Purpose, Authority and Responsibility, Independence and Objectivity, Proficiency and Due Professional Care, and Quality Assurance and Improvement Programme (which includes both internal and external assessment).
- 5.1.3 The Performance Standards describe the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated, in particular; Managing the Internal Audit Activity, Nature of Work, Engagement Planning, Performing the Engagement, Communicating Results, Monitoring Progress and Communicating the Acceptance of Risks.
- 5.1.4 On conclusion of completion of the checklist full conformance has been ascertained in relation to the Definition of Internal Auditing, the Code of Ethics and the Performance Standards.
- 5.1.5 In relation to the Attribute Standards it is recognised that in order to achieve full conformance an external assessment is required. This must be done within 5 years of the PSIAS coming into force, i.e. 31 March 2018. As part of the new contract with TIAA Ltd for the provision of Internal Audit Services it has been agreed that this will be undertaken in January 2016, with the results being shared with the IACM.
- 5.1.6 In relation to the Quality Assurance and Improvement Programme, internal assessments are undertaken on a regular basis and performance is regularly assessed and reported upon, in relation to the contractor.
- 5.1.7 The detailed checklist has been forwarded to the Section 17 Officer and the Head of Finance for independent scrutiny and verification.

5.2 Performance Indicator outcomes

- 5.2.1 The Internal Audit Service is benchmarked against a number of performance indicators as agreed by the Financial Scrutiny and Audit Committee. Actual performance against these targets is outlined below:
- 5.2.2 Audit briefs should be issued 10 days in advance of an audit commencing, and for three of the four audits this target was met.

Once underway, half of the audits were completed on time, with reasons for overruns being notified to the Internal Audit Consortium Manager.

Draft reports should be issued within 15 working days of completion of the audit, with two of the four reports meeting this deadline.

Finally, final reports should be issued with 10 working days of issue of the draft report, and for three of the four audits this was achieved.

Performance within the financial year was affected due to a number of factors; resource issues with the contractor towards the end of quarter 3 having an adverse impact, a senior manager taking unplanned and unavoidable leave; and the “wind down” of the contract in quarter 4.

- 5.2.3 On conclusion of all audits a feedback survey is issued to the key client. The survey asks for response in relation to; audit staff, audit planning, delivery of the audit and audit reporting. On completion an overall score of poor (1) through to excellent (6) is reported. However only one survey was completed within year, a score of good (5) was achieved.
- 5.2.4 Going forwards the performance of the new internal audit contractor – TIAA Ltd – will be measured using the balanced scorecard approach, from 1 April 2015. This brings with it a much more practical approach to performance management and one which will ensure a high quality service is provided by the contractor. This approach was outlined to the Committee in February when the plan of work for 2015/16 was agreed.

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

- 5.3.1 This Statement sets out the 5 principles that define the core activities and behaviours that apply to the role of the Head of Internal Audit, and the organisational arrangements to support them. The Principles are:
 - Champion best practice in governance, objectively assessing the adequacy of governance and management of risks;
 - Give an objective and evidence based opinion on all aspects of governance, risk management and internal control;
 - Undertake regular and open engagement across the Authority, particularly with the Management Team and the Audit Committee;
 - Lead and direct an Internal Audit Service that is resourced to be fit for purpose; and
 - Head of Internal Audit to be professionally qualified and suitably experienced.
- 5.3.2 Completion of the checklist confirms full compliance with the CIPFA guidance on the Role of the Head of Internal Audit in relation to the 5 principles set out within.
- 5.3.3 The detailed checklist has been forwarded to the Section 17 Officer and the Head of Finance for independent scrutiny and verification.

APPENDIX1 – AUDIT WORK UNDERTAKEN DURING 2014/15

Description of the audit	Assurance level awarded
Annual opinion audits	
Corporate Governance and Risk Management	Good
Fundamental financial systems	
Key Controls and Assurance Work	Good
Other systems	
Consultation Activities and Partnership Provisions	Adequate
Computer systems	
End User Controls	Adequate

Assurance level definitions		Number
GOOD	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.	2
ADEQUATE	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.	2
LIMITED	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk	0
UNSATISFACTORY	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse	0

APPENDIX 2 ASSURANCE CHART

	2011-12	2012-13	2013-14	2014-15	2014-15
Annual Opinion Audits					
Corporate Governance and Risk Management	Good Review relates to 2010/11	Good Review relates to 2011/12	Good Review relates to 2012/13	Good Review relates to 2013/14	Good Review relates to 2014/15
Fundamental Financial Systems					
Key Controls and Assurance Work	Adequate	Adequate	Good	Good	X
Procurement			Adequate		
Change Management and					
Consultation Activities and Partnerships Provisions				Adequate	
Planning					
Planning	Adequate				X
IT Audits					
Toll Management Application	Limited				
Network Security			Limited		
End User Controls				Adequate	
IT Audit to be confirmed					X

APPENDIX 3 – AUDIT REPORT EXECUTIVE SUMMARIES

Appendix 3(a)

Report No. BA/15/02 – Final Report issued 4 March 2015

Audit Report on Consultation Activities and Partnership Provisions

Audit Scope

The scope of the audit covered:

- A review of the work undertaken by the Broads Forum, which is a formally constituted consultative body;
- Plans for the role and development of the new Parish Forums;
- An independent assessment of the implementation of the findings of the consultative review carried out during 2012/13;
- A review of other consultative arrangements including those applied in the development of the Broads Authority's Annual Strategic Priorities; and
- A review of the partnership register and governance arrangements.

Assurance Opinion

Unsatisfactory Assurance	Limited Assurance	Adequate Assurance	Good Assurance

Rationale supporting the award of the opinion

The systems and processes of internal control are, overall, deemed Adequate in managing the risks associated with Consultation Activities and Partnership Provisions. The assurance opinion has been derived as a result of three medium and two low priority recommendations being raised. The medium priority recommendations relate to providing a more formal feedback report on the Parish Forum meetings, increasing Parish Forum participation in setting the Strategic Priorities and evaluating the effectiveness of the measures put in place to implement the Review of Consultative Arrangements recommendations.

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently with reference to Consultative Arrangements and Partnership Provisions, in particular:

Broads Forum

- Terms of Reference exist and are reviewed and updated annually;
- Broads Forum minutes are presented to the Broads Authority including action points;
- The Broads Forum is a consultative group and it is consulted on strategic matters; and
- The meetings of the Broads Forum are open to the public who are encouraged to ask questions.

Parish Forums

- Meetings of the forum are widely publicised using a variety of methods;
- Feedback has been received from the people attending the forum saying how useful it has been; and
- All of the Town and Parish Councils within the Broads Authority area had been contacted by letter asking for their views on the authority's draft Strategic Priorities.

Implementation of Consultative Review Findings

- An action plan has been developed and reviewed. A progress report was presented to the Management Team on the 6th September 2014 and a report was to be taken to members in January 2015.

Other Consultative Arrangements

- The committee structure shows which committees and forums are statutorily consultative and which are consultative / advisory; and
- The authority has the following policies setting out how the authority consults: Statement of Community Involvement Policy; and Engagement Guidelines – Widening and Strengthening Participation.

Partnership Register and Governance

- A Partnership Register is in place which includes the name of the partnership, its purpose, the parties involved, Broads Authority lead officer, financial arrangements, operational risks and mitigation;
- A Partnership Protocol is in place which provides a definition of what is and is not a partnership, and the process to be followed before entering into a partnership; and
- The Authority's Management Forum and Management Team review partnerships annually, confirming that partnerships are still meeting their aims and objectives and internal governance arrangements are appropriate and adequate.

Control weaknesses to be addressed

During our work we have identified the following areas where we believe that the processes for Consultation Activities and Partnership Provisions would benefit from being strengthened, and as a result three medium priority recommendations have been made:

Parish Forums

- Consideration should be given to providing a more formal feedback from the Parish Forum to the Broads Authority meeting covering attendees, issues raised and the advice given. There is a risk that the value and effectiveness of the meetings may be questioned if there is no public record of the issues discussed; and
- Consideration should be given to increasing the Parish Forums participation in the setting of the Strategic Priorities by holding a meeting / workshop during the consultation period. If the members of the Parish Forums do not participate there is a risk that the Broads Authority Strategic Priorities do not meet the needs of the Community.

Consultative Review

- An evaluation of the effectiveness of the measures put in place to implement the consultative review recommendations should be carried out. If the effectiveness of the implemented recommendations is not assessed, there is a risk that the envisaged outcome has not been achieved.

During our work we have identified two areas where we believe that further enhancements could be made; in particular, taking nominations for the Broads Forum Chair at the meeting before the election meeting in May and staggering the election cycle so that the Chair and Vice Chair are not open at the same time; and reviewing the Broads Authority web site content to determine whether there should be a comments box on the Broads Forum pages and including a link to the Broads Blog on the homepage.

Summary of the adequacy and effectiveness of controls

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	Broads Forum	Green	Amber	-	-	1
	Parish Forums	Green	Amber	-	2	-
	Consultative Review	Green	Amber	-	1	1
	Other Consultative Arrangements	Green	Green	-	-	-
	Partnership Register and Governance	Green	Green	-	-	-
Total				-	3	2

High Priority Recommendations

No high priority recommendations have been raised as a result of this audit

Management Responses

Management have accepted the recommendation raised.

Report No. BA/15/03 – Final Report issued 22 May 2015**Audit Report on Key Controls****Audit Scope**

The scope of the audit covered:

- Treasury Management / Investments;
- Main Accounting System / General Ledger;
- Fixed Assets;
- Budgetary Control;
- Creditors / Purchase Ledger;
- Debtors / Sales Ledger;
- Payroll;
- Toll Income; and
- Follow Up of Internal Audit Recommendations.

The audit has also incorporated testing the expected controls from External Audit key control flowcharts and documentation. This work is relied upon by the External Auditors during their annual statutory review of the Authority's accounts and financial processes.

Assurance Opinion

Unsatisfactory Assurance	Limited Assurance	Adequate Assurance	Good Assurance

Rationale supporting the award of the opinion

The control environment is deemed Good in supporting the achievement of management's objectives and, with the exception of the Fixed Assets where one low priority recommendation has been raised; all key controls were confirmed to be operating effectively through the testing undertaken. The overall level of assurance has remained the same since the previous audit of Key Controls undertaken in 2013/14 (BA/14/03); hence the direction of travel remains unchanged.

Positive Findings

We found that the Authority has demonstrated the following areas where sound controls are in place and operating consistently:

- Controls tested were found to be adequate and effective in the following areas: Treasury Management; Main Accounting System / General Ledger; Budgetary Control; Purchase Ledger, Sales Ledger; Payroll and Tolls Income.

Control weaknesses to be addressed

During our work we have identified the following area where we believe that the processes / arrangement within the Fixed Assets would benefit from being strengthened and, as a result of these findings; one low priority recommendation has been raised. This relates to ensuring that the Statement of Accounts, when making reference to Fixed Assets, is accurate and consistent when referring to the method of depreciation applied.

Summary of the adequacy and effectiveness of controls

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	Treasury Management	Green	Green	-	-	-
	Main Accounting System/General Ledger	Green	Green	-	-	-
	Fixed Assets	Green	Amber	-	-	1
	Budgetary Control	Green	Green	-	-	-
	Purchase Ledger	Green	Green	-	-	-
	Sales Ledger	Green	Green	-	-	-
	Payroll	Green	Green	-	-	-
	Toll Income	Green	Green	-	-	-
Total				0	0	1

High Priority Recommendations

No high priority recommendations have been raised as a result of this audit

Management Responses

Management have accepted the recommendation raised.

Follow up work

All outstanding recommendations where an implementation deadline prior to 31st March 2015 had been agreed were subject to review as part of the audit. The following summary provides details of our findings as a result of this audit.

Status	Number of recommendations			
	High	Medium	Low	Total
Completed	0	3	8	11
Completed Verification Required	2	4	0	6
Outstanding (including revised deadline)	0	1	1	2
Not Yet Due To Be Implemented	0	6	5	11
Total Followed-up	2	14	14	30

Report No. BA/15/04 – Final Report issued 14 January 2015**Audit Report on End User Controls****Audit Scope**

The audit looked at the following areas:

- PC End User Controls;
- Laptop Security;
- Mobile Devices (smartphones, USB devices, etc.); and
- End User Asset Management.

Assurance Opinion

Unsatisfactory Assurance	Limited Assurance	Adequate Assurance	Good Assurance

Rationale supporting the award of the opinion

The systems and processes of internal control are, overall, deemed adequate in managing the risks associated with End User Controls. This opinion is based on having raised three medium and five low priority recommendations. It should also be noted that the Authority is a very small organisation, which allows for a more hands-on management approach, the low priority recommendations seek to acknowledge this situation.

Positive Findings

We found that the Authority has demonstrated the following points of good practice as identified in this review:

- There are controls in place to help prevent non-IT users from installing unauthorised applications;
- PC, laptop and mobile device procurement is controlled via a centralised IT budget that the Head of IT monitors;
- Unauthorised devices cannot connect to the network and gain access to network resources;
- Mobile devices (primarily Blackberry devices) are encrypted by default;
- Blackberry devices are managed by the Blackberry Enterprise Server, which allows for the remote wipe of connected devices should they be lost or stolen; and
- There are processes in place that effectively act as asset reviews via the use of Anti-Virus and patch management systems.

Control weaknesses to be addressed

During our work we have identified the following area(s) where we believe that the processes / arrangement within End User Controls would benefit from being strengthened, and as a result of these findings three medium priority recommendations have been made.

- Screensaver controls that lock a user's PC or laptop when not in use should be deployed to mitigate the risk of unauthorised access to the network and help to ensure the security of the network.
- Mobile device password controls should be implemented to improve the security of the Blackberry devices and reduce the risk of unauthorised access.
- Controls over USB devices needs to be introduced to protect the Authority's data and ensure the security of the network.

During our audit we have also raised five low priority recommendations which will provide enhancements to the current system in relation to End User Controls.

Summary of the adequacy and effectiveness of controls

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
				High	Medium	Low
	PC End User Controls	Amber	Amber	0	1	3
	Laptop Security	Amber	Amber	0	0	1
	Mobile Devices	Amber	Amber	0	2	0
	End User Asset Management	Amber	Amber	0	0	1
Total				0	3	5

High Priority Recommendations

No high priority recommendations have been raised as a result of this audit

Management Responses

Management have accepted the recommendation raised.

Report No. BA/16/01 – Final Report issued TBC**Audit Report on Corporate Governance and Risk Management****Audit Scope**

The scope of the audit covered:

- Corporate Governance; and
- Risk Management.

Assurance Opinion

Unsatisfactory Assurance	Limited Assurance	Adequate Assurance	Good Assurance

Rationale supporting the award of the opinion

The system of internal control is, overall, deemed 'Good' in managing the risks associated with Corporate Governance and Risk Management. The level of assurance, which is derived from three low priority recommendations, two of which relate to Corporate Governance and one of which relates to Risk Management, has remained unchanged since the previous audit undertaken in this area in April 2014. A further operational effectiveness matter has been raised around Corporate Governance, to improve on current practices.

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently with reference to Corporate Governance and Risk Management. In particular:

Corporate Governance

- Key corporate governance documents are in place establishing the Authority's Ethical Standards and Corporate Governance structure, which have been approved by the Members;
- The Authority's Code of Conduct and Code of Corporate Governance are available to the public and other stakeholders;
- The Annual Governance Statement is prepared each year and issued in September, following approval by the Members;
- A formal process is in place regarding escalation of issues/complaints made relating to ethical behaviour and transparency by the Authority's Members, and two independent Members have been identified to investigate complaints should the need arise;
- Performance against the Authority's key strategic objectives as stipulated in the Broads Plan 2011–2016, is documented and monitored by the Members, the Management Team and the Management Forum (Heads of Service); and
- Clear Strategic Priorities have been identified following major public consultations and are reviewed annually. Performance of the Authority is assessed against each strategic priority, with progress available on the Authority's website.

Risk Management

- There is a mechanism in place that assists the risk identification process;
- A Strategic Risk Register is in place, which is updated twice a year by the risk owners and is reported annually at the Financial Scrutiny and Audit Committee; and
- A Risk Management Policy is in place, which clearly sets out the Authority's risk tolerance, as well as risk classification, deduced from the scoring method.

Control weaknesses to be addressed

During our work we have identified three areas where we believe that further enhancements could be made; in particular, linking the Strategic Risk Register clearly to the Strategic Objectives and Annual Strategic Priorities, mitigating actions and further necessary actions on the Strategic Risk Register be reviewed for all risks to ensure they are giving adequate assurance to reduce the residual risk scoring, and the risk register is added as a standing agenda item for the Financial Scrutiny and Audit Committee.

During our work we identified one operational effectiveness matter, around formally reminding staff to review the Code of Conduct and Code of Corporate Governance documents, to ensure they remain compliant, to be considered by management.

Summary of the adequacy and effectiveness of controls

Adequacy and Effectiveness Assessments	Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised			
				High	Medium	Low	Op
	Corporate Governance	Amber	Amber	0	0	1	1
	Risk Management	Green	Amber	0	0	2	0
Total				0	0	3	1

Op - Operational Effectiveness Matters

High Priority Recommendations

No high priority recommendations have been raised as a result of this audit

Management Responses

Management have accepted the recommendation raised.

APPENDIX 4 – IMPLEMENTATION OF AUDIT RECOMMENDATIONS

			Completed / superseded during 2013/14			Completed / Superseded during 2014/15			Outstanding			Unable to confirm status			Total Outstanding	Not yet due to be implemented			Total
Reference	Description	Audit Opinion	H	M	L	H	M	L	H	M	L	H	M	L		H	M	L	
Systems Audits																			
BA903	Toll Income	Adequate								1					1				1
BA1202	Planning	Adequate		1											0				0
BA1302	Key Controls	Adequate		1											0				0
BA1401	Corporate Governance & Risk Management	Good			1										0				0
BA1402	Procurement	Adequate		1	1		3	1							0				0
BA1403	Key Controls	Good						1							0				0
BA1501	Corporate Governance and Risk Management	Good						2							0				0
BA1502	Consultation Activities and Partnership Provisions	Adequate						1			1				1		3		4
Totals for Systems Audit Recommendations			0	3	2	0	3	5	0	1	1	0	0	0	2	0	3	0	5
Computer Audits																			
BA1204	Toll Management System	Limited		1											0				0
BA1405	Network Security	Limited	1	1	1	2	4	3							0				0
BA1504	End User Controls	Adequate													0		3	5	8
Totals for Computer Audit Recommendations			1	2	1	2	4	3	0	0	0	0	0	0	0	0	3	5	8

APPENDIX 5 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

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

Opinions

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

Internal Control

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

Future Periods

Internal Audit's assessment of controls relating to the Broads Authority is for the year ended 31 March 2015. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

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

Responsibilities of Management and Internal Auditors

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

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

Investment Strategy and Performance Annual Report 2014/15
Report by Treasurer and Financial Adviser

Summary: This report sets out details of the Authority's investment of surplus cash, including the investment principles adopted and performance during the twelve months to 31 March 2015.

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

1 Introduction

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

2 Investment Principles and Performance

- 2.1 The investment of surplus cash is governed by a Service Level Agreement between the Broads Authority and Broadland District Council. The use of the Council reflects the limited treasury management knowledge and staff resources that exist within the Broads Authority.
- 2.2 Surplus cash sums are calculated by the Authority's Finance staff and transferred to Broadland's bank account. The Council then includes the investment of this cash with its own treasury management function. Cash flow requirements can result in transfers in both directions as the year progresses. The key facts for the year to 31 March 2015 were:
- Opening balance £2.750 million.
 - Closing balance £3.250 million.
 - Highest sum £3.750 million.
 - Lowest sum £2.750 million.

2.3 The figures for the previous year (2013/14) were:

- Opening balance £1.500 million.
- Closing balance £2.750 million.
- Highest sum £3.500 million.
- Lowest sum £1.500 million.

2.4 A transaction charge is made to cover the Council's costs involved in the administration of the investments (including bank charges for direct money transfers). For 2013/14 and 2014/15 the actual interest receivable by the Broads Authority was/is based on the actual interest received on Broadland's internal investments.

2.5 The sum paid over in 2014/15 was £18,339.77 based on internal monthly returns that ranged from 0.25% to 0.70%. The sum paid over in 2013/14 was £19,120.44 based on internal monthly returns that ranged from 0.40% to 0.80%. Forecast interest for 2014/15 was £22,000.

2.6 Since the 2014/15 year end (31 March 2015), the Authority has transferred a sum of £1,000,000 to the Council, bringing its total investment to £4,250,000. There are currently very low rates on offer for fixed term deposits, although available rates are monitored on an ongoing basis. It is therefore not proposed to make any direct investments at present, and a larger balance will continue to be invested with the Council at this time.

2.7 The interest income budget for 2014/15 is £30,000 based on the assumption that there will be a gradual improvement in interest rates and investment returns, however this forecast will be reviewed and if necessary updated at the six month review (end September 2015) to inform year-end and budget planning.

2.8 It has been agreed (although Broadland's low risk appetite did mean that the Council had no exposure to Icelandic banks in 2008/09) that if the Council were to suffer credit risk exposure, any losses would be shared pro-rata between the two organisations.

Background papers: None

Author: Jill Penn

Date of report: 22 June 2015

Broads Plan Objectives: None

Appendices: Nil

Procedure for Waiving of Standing Orders
Report by Solicitor and Monitoring Officer

Summary: The Committee is invited to consider updating the procedure for the waiver of Standing Orders so as to set an upper limit of the Chief Executive's delegated authority when exercising such a waiver in addition to clarifying the process of approval where this limit may need to be exceeded.

Recommendation:

Members are invited to make recommendations for Full Authority approval:

- (i) Setting an upper limit to the Chief Executive's delegated authority when exercising a waiver, and
- (ii) To recommend a process to be used on the rare occasions when that may need to be exceeded.

1 Introduction

- 1.1 The Authority's Standing Orders relating to Contracts provide for the Chief Executive to authorise a waiver of Standing Orders by certifying one of a handful of criteria are met. They also require that all waivers authorised under delegated powers must be reported to the Authority. It has been agreed that any waivers will be reported on an annual basis, after the end of each financial year.
- 1.2 In light of the need to approve a recent waiver, officers noted the need to clarify the extent and operation of the Chief Executive's delegated authority in accordance with the principles of good governance and risk management.

2 Options available to the Committee

- 2.1 From time to time, the Chief Executive is invited to approve the waiver of Standing Orders relating to Contracts for reasons such as:
 - There are only one or two suppliers of a specialist piece of equipment
 - For extensions of existing contracts, providing the variation is not more than 10% of the original contract sum

- Where it is not considered reasonably practicable, or in the interests of the Authority to comply with Standing Orders, subject to a report to the next meeting of the Authority.

3 Setting an appropriate Financial Limit:

- 3.1 Having reviewed in detail the current Scheme of Powers Delegated to Officers, there is no specified upper limit in financial terms to the Chief Executive's authority when approving a waiver.
- 3.2 At the last full Authority meeting on 15 May 2015, members agreed that a clear limit should be agreed by this Committee and that there be a clear process indicating what should be done should there be an urgent need for approving waivers for larger contract sums beyond that upper limit.
- 3.3 As indicated within the current Scheme of Powers Delegated to Officers, the Chief Executive is currently delegated authority to enter into agreements varying in value between £5,000 – £25,000. Members are invited to take this into account when considering what limit to impose upon the Chief Executive's delegated authority in future whilst being mindful of the need to allow the Chief Executive sufficient authority to facilitate the operation of the organisation in a normal business-like manner.

4 Process where a waiver beyond the Chief Executive's delegated authority may be required:

- 4.1 One of the impacts upon the Authority once an upper financial limit is set to the Chief Executive's delegated authority when approving a waiver, shall be on those very rare occasions where approval is required beyond that amount.
- 4.2 This occurred recently whereupon advice was sought and the Chief Executive took the precautionary approach of consulting the Chair and Vice-Chair of the Authority, the Chairman of the Financial Scrutiny and Audit Committee and because Navigation Expenditure was involved, the Chairman of the Navigation Committee prior to authorising the waiver sought. All were supportive of the waiver and the Chief Executive therefore authorised the order to proceed whereupon this was reported to the full Authority at the next available meeting in May 2015.
- 4.3 In light of this, Members are invited to approve a suitable process which allows for these rare occasions where an urgent waiver is justified but that the amount in question is above the upper limit permissible under the Chief Executive's delegated authority.

Background papers: None

Author: Piero Ionta

Date of report: 22 June 2015

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Scheme of Powers Delegated to Officers dated 26 September 2014.
APPENDIX 2 – Minutes from Broads Authority dated 15 May 2015 (agenda Item 6/14).
APPENDIX 3 – Request Form for approval to waive Standing Orders.



Broads Authority

Scheme of Powers Delegated to Officers

Introduction

Members are responsible for setting the strategy and policies of the Authority and monitoring their implementation, whilst officers are responsible for providing advice to members and running the business of the Authority within the strategic, policy and financial guidelines laid down by members.

Whilst members should leave the day-to-day implementation of policies, including management, to officers, they have a right to ensure that the decisions for which they are statutorily responsible and accountable are implemented by officers in a timely and efficient manner.

The purpose of these Delegated Powers is to ensure that officers are empowered to make decisions and take appropriate action within the guidelines laid down, and to enable members to focus on key strategic and policy issues.

General Powers of All Officers

The exercise of these delegated powers will be subject to the following conditions:

- (a) They must be exercised in accordance with the overall strategies, policies and priorities of the Authority as set out in the Norfolk and Suffolk Broads Act 1988, Broads Authority Act 2009, Broads Plan, Broads Local Plan/Local Development Framework and Business Plan.
- (b) They must be exercised in accordance with the Authority's Standing Orders and Financial Regulations, and must not be exercised so as to incur expenditure for which no adequate provision is made in the approved budgets.
- (c) They must be exercised in accordance with the law and with any policies, regulations, codes or similar documents adopted by the Authority or its committees.
- (d) An officer need not exercise a delegated power in any particular case and must not do so if the matter appears to the officer to involve any matters of public controversy or questions of policy not yet decided by the Authority or its committees or any significant change from previous practice.

- (e) Where the matter falls partly within the professional or technical responsibility of another officer or adviser, the officer taking the decision must consult with those officers as appropriate and have proper regard to any advice given, before authorising action.
- (f) Any power conferred upon the Chief Executive (including any power to act as the proper officer) may be exercised by another officer specifically nominated in writing by the Chief Executive. Details of the officers who have been authorised to exercise powers on behalf of the Chief Executive are set out in the document entitled 'Arrangements for the Exercise of Powers by Other Officers'.
- (g) The Authority or a committee may direct that action taken by an officer or officers be reported to it periodically.
- (h) Failure to carry out the consultations in paragraphs A(5) and E(38) of the powers delegated to the Chief Executive and paragraph (8) of the powers delegated to the Solicitor to the Authority will not invalidate the exercise of the delegated power.
- (i) The decision of the Chief Executive in consultation with the Monitoring Officer as to the scope and interpretation of these delegated powers shall be final.
- (j) In accordance with the Openness of Local Government Bodies Regulations 2014, a written record will be produced for any delegation which has been highlighted yellow, or involves a contract or incurs expenditure above £25,000.

Powers Delegated to Chief Executive

A General Management and Administration

- (1) To carry out the duties of Head of Paid Service under the provisions of the Local Government and Housing Act 1989 and to be responsible for the management of all staff employed by the Authority.
- (2) To undertake the day-to-day management and control of the Authority, its premises and services to give effect to the strategies and policies as set out in the Broads Plan, Local Development Framework and Business Plan.
- (3) To authorise any action necessary to give effect to the implementation of the Broads Plan and Business Plan, and for this purpose to incur expenditure up to the limits provided for in Standing Orders and Financial Regulations.
- (4) To authorise any action necessary to give effect to any decision of the Authority or its committees.

- (5) In cases of urgency or emergency to take any appropriate action, in consultation (if possible) with the Chair, or in the absence of the Chair, with the Vice-Chair, including the authorisation of any legal proceedings, to protect the position of the Authority. In such cases the Chief Executive will report the action taken to the Authority.
- (6) To take appropriate action to preserve the Authority's position pending the scrutiny by the Authority of local and personal Parliamentary Bills, statutory orders and instruments or any other proposal, plan, scheme or other matter affecting the interests of the Broads.
- (7) To make arrangements to ensure that all expenditure is regularly monitored against approved budgets and that any significant overspends are reported to the Authority.

B Finance and Audit Matters

- (8) To be responsible for regulating and controlling the financial resources of the Authority in order to achieve the objectives of the Authority.
- (9) To transfer expenditure between budget heads provided that the action taken complies with Financial Regulations, is consistent with the Authority's policy and does not conflict with any decisions taken by the Authority or any of its committees.
- (10) To manage the Authority's insurances in accordance with overall guidelines specified by the Treasurer and Financial Adviser.
- (11) To ensure that arrangements are in place to pay all sums to creditors.
- (12) To approve the Selective Tendering standing list of contractors to be invited to submit tenders where the estimated value of the contract does not exceed £50,000.

C Personnel Matters

- (13) To determine the current and future staffing requirements and organisational structure of the Authority, including amendments to the Authority's staff establishment.
- (14) To determine matters relating to the remuneration and conditions of service of employees in accordance with the national conditions of service and the Authority's Scheme of Local Conditions of Service.
- (15) To adopt local agreements in respect of conditions of service where there are no unresolved objections from trade unions or members of staff.
- (16) To appoint staff, subject to such appointments being in accordance with the Business Plan and subject to the availability of funding in the

appropriate budget (and subject in the case of Directors to consultation with the Chair of the Authority and appropriate Committee Chair).

- (17) To determine politically restricted posts.
- (18) To appoint the navigation officer (after consultation with the Navigation Committee) and any deputy.
- (19) To determine matters concerned with employee relations generally within the Authority including the recognition of appropriate trade unions and the establishment of an appropriate consultative and negotiating machinery.
- (20) To determine health and safety matters.
- (21) Subject to observance of the appropriate procedures in the Conditions of Service of the employee:
 - (i) to take disciplinary action on and to dismiss an employee;
 - (ii) to convene a Sub-Committee of the Authority to consider appeals in relation to disciplinary, grievance and other personnel-related matters.
- (22) To extend an employee's period of sick leave on full pay or half pay for a period not exceeding twelve months.
- (23) To reimburse the costs of damage to an employee's personal property up to a maximum of £5,000 in any one case, provided the Chief Executive is satisfied that the damage was caused as a result of the employee pursuing Authority business.
- (24) To authorise the payment of any ex-gratia payments or honoraria to employees up to a maximum of £5,000.
- (24A) To authorise the payment of any severance or settlement payments to former employees up to a maximum of £5,000.
- (25) In consultation with the Chairman, to establish a Member Appeals Panel of three members.
- (26) To exercise the discretions as set out in paragraphs 5, 6, 9 and 10 of the Authority's Local Pension Scheme Policy Statement.

D Land

- (27) To approve the acquisition by the Authority of:
 - (i) the leasehold interest in property for any term to an annual rent not exceeding £10,000;

- (ii) the freehold interest in property at a price not exceeding £25,000.
- (28) To approve increases in rent not exceeding £10,000 per annum.
- (29) To enter into permissive path agreements and access agreements.
- (30) To grant wayleaves, licences, easements and highway dedications over the Authority's land.
- (31) To give written notice proposing to seek permission for Authority development or the development of land vested in the Authority which it does not propose to carry out itself, in accordance with the Town and Country Planning General Regulations 1992.
- (32) To authorise named officers to enter land (including buildings) for the purpose of surveying, investigation, prosecution or enforcement, in connection with any of the Authority's functions.
- (33) To authorise the disposal of land and property to a maximum value of £25,000, in accordance with advice from the Authority's Property Advisers.

E Planning

- (34) All planning applications¹ are considered to fall within the delegation scheme and will be determined by officers unless:
 - (i) it is for a major development as defined in the Town and Country Planning (General Development Management Procedure) Order 2010;
 - (ii) the application represents a departure from the development plan policies including the Broads Local Plan/Local Development Framework and any relevant policy adopted by the Authority and it is proposed to grant planning permission;
 - (iii) objections are received from any statutory consultee (excluding parish councils) in respect of any proposed development within the 21 day period for consultation and it is proposed to grant planning permission;
 - (iv) representations in writing are received from parish councils in respect of any proposed development within the 21 day period

¹ The applications and notification shall include planning permission, approval of reserved matters, advertisement consent, listed building consent, conservation area consent, prior approval applications submitted under the Town and Country Planning (General Permitted Development) Order 1995 and consent under the Hazardous Substances regulations.

- for consultation where these raise material planning considerations of significant weight ;
- (v) representations are received in writing from other persons in respect of any proposed development within the 21 day period for consultation where these raise material planning considerations of significant weight ;
 - (vi) any member of the Authority requests within 21 days of receipt of the schedule of planning applications that the application is placed before the Planning Committee for a decision and provides a material planning reason of significant weight for that request in writing;
 - (vii) the Ward Member of the relevant District Council requests within 21 days of receipt of the schedule of planning applications that the application is placed before the Planning Committee for a decision and provides a material planning reason of significant weight for that request in writing;
 - (viii) the Director of Planning and Resources considers that the matter ought more appropriately be referred to the Committee for a decision;
 - (ix) any member or member of staff of the Authority, including co-opted members of the Navigation Committee, is involved in the application.
- (35) To approve details submitted in accordance with a condition of a planning consent.
- (36) To determine reasons for decisions.
- (37) To formally discharge planning conditions upon compliance.
- (38) To serve Breach of Condition Notices, Planning Contravention Notices and Section 330 Notices.
- (39) In cases of urgency and (subject to consultation (if possible) with the Chair, or in the absence of the Chair the Vice-Chair, of the Planning Committee):
- (i) to serve Building Preservation Notices;
 - (ii) to issue Listed Building Enforcement Notices and Conservation Area Enforcement Notices;
 - (iii) to issue Enforcement Notices, Stop Notices Temporary Stop Notices;

- (iv) to take enforcement action in respect of unauthorised advertisements.
- (40)
 - (i) To make and serve Tree Preservation Orders.
 - (ii) To confirm non-controversial Tree Preservation Orders.
- (41)
 - (i) To comment on non-controversial felling licence applications and broadleaved woodland grant schemes.
 - (ii) To make observations to the Forestry Commission on applications for grants and Forestry Grant Schemes and consultations over dedication schemes and the Commission's own new planting proposals in relation to areas up to 10 hectares.
- (42) To deal with notices to lop, top and fell trees in conservation areas. To determine applications to lop, top or fell trees within Tree Preservation Orders or Groups.
- (43) To submit observations on environmental issues and to lodge holding objections in respect of applications for Goods Vehicle Operators Licences.
- (44) To reply to consultation on certified sites for camping and caravanning and for caravan and tent rally sites.
- (45) In respect of planning applications:
 - (i) to sign and issue the formal decision notices on planning matters which have been before the Planning Committee or determined under delegated powers;
 - (ii) to impose detailed conditions on planning permissions granted by the Authority (including deemed permissions);
 - (iii) to determine the appropriate grounds where permission is either refused or approved;
 - (iv) to refuse a planning application, if within six months of any decision to enter into a Section 106 Agreement by Committee, that Agreement has not been signed.
- (46) To determine which planning applications should be referred to the Navigation Committee for consultation, in accordance with Section 9 (6) (a) (iv) of the Norfolk and Suffolk Broads Act 1988.
- (47) To determine whether an environmental impact assessment is required and to agree the scope of any environmental statement under the Environmental Impact Regulations 1999.

- (48) To determine whether to exercise the discretionary power available to the Authority with regard to the siting, design and external appearance of agricultural and forestry buildings and the siting and means of construction of private roads for agricultural and forestry purposes.
- (49) To determine whether applications are likely to have a significant effect on a European Site, following consultation with Natural England, under the terms of the Conservation (Natural Habitats Etc) Regulations 1994.
- (50) To implement the Hedgerow Regulations 1997 in authorising rights of entry, administrative consultation arrangements and the use of outside assistance.
- (51) To give observations in respect of development by other authorities, government departments and statutory undertakers where there are no outstanding objections which cannot be met within the terms of the observations.
- (52) To determine Forestry Grant applications up to £5,000.
- (53) To respond to consultations on planning applications in respect of land outside the Authority's Executive Area, subject to consideration by the Planning Committee of those applications which have serious implications for the Broads, either in landscape or environmental terms.
- (54) To fulfil the Authority's role as a Competent Authority with regard to consideration of development proposals affecting Special Protection Areas and Special Areas of Conservation in the Broads, including the determination of Appropriate Assessments.
- (55) In respect of non-material amendments to planning applications:
 - (i) to define in individual cases what constitutes a non-material amendment; and
 - (ii) to determine applications for non-material amendments except in cases that fall within paragraph 35(ix) of this scheme.
- (56) To settle the terms of Section 106 Agreements required in connection with planning applications including amendments to existing Section 106 agreements.

F Recreation and Tourism

- (57) To exercise the powers and duties of the Authority in accordance with the overall policy determined by the Authority in relation to the following matters:

- (i) tourism, including interpretation, information and associated visitor services;
 - (ii) common land;
 - (iii) access to open country;
 - (iv) open spaces;
 - (v) caravan, camping and picnic sites;
 - (vi) recreation provision and associated facilities, including car parks and public toilets;
 - (vii) country parks;
 - (viii) public paths (except where delegated to the Planning Committee);
 - (ix) the provision of accommodation, meals, refreshments, parking places and toilets;
 - (x) environmental education;
 - (xi) staithes.
- (58) To confirm orders creating, diverting, extinguishing or downgrading public paths in respect of which there is no unresolved objection.
- (59) To respond to consultations from other public authorities on proposals to create, divert, extinguish or downgrade public rights of way.

G Conservation

- (60) To exercise the powers and duties of the Authority in accordance with the overall policies determined by the Authority in relation to the following matters:
- (i) responding to notifications of operations within the Broads under Section 5(2) of the Norfolk and Suffolk Broads Act 1988;
 - (ii) nature reserves;
 - (iii) land drainage (including the preparation and review of a code of practice for drainage works);
 - (iv) water quality;
 - (v) responding to consultations on proposals to discharge trade and sewage effluent;

- (vi) responding to notifications on the making of farm capital grants;
 - (vii) nature conservation (except where other provision is made in this scheme), including woodland and fen management, grazing marshes, research, site management and grant aid for conservation purposes;.
 - (viii) the designation of areas of natural beauty under Section 4 of the Norfolk and Suffolk Broads Act 1988.
- (61) To respond to consultations under Section 36 of the Control of Pollution Act 1974.
 - (62) To enter into management agreements under Section 39 of the Wildlife and Countryside Act 1981 up to £5,000 per annum for maximum of 21 years.
 - (63) To make holding objections to the making of farm capital grants.
 - (64) To make representations to the Environment Agency following notification of applications for significant discharges under Section 36 of the Control of Pollution Act 1974.
 - (65) To make written representation on applications received under the Water Resources (Licences) (Amendment) Regulations 1989.
 - (66) To fulfil the Authority's role as a Competent Authority with regard to consideration of proposed works affecting Special Protection Areas, Special Areas of Conservation and stipulated species in the Broads, including the determination of Appropriate Assessments.

H Navigation

Arising from the Norfolk and Suffolk Broads Act 1988 (as amended)

- (67) To exercise the powers and duties of the Authority in accordance with the overall policy determined by the Authority in relation to the following matters (where appropriate in consultation with the Navigation Committee):
 - (i) the maintenance and improvement of the navigation area;
 - (ii) the creation of public rights of navigation;
 - (iii) the provision of moorings and other navigational facilities;
 - (iv) the closure of waterways (other than for nature conservation purposes);

- (v) the repair of landing places, embankments, private moorings and other similar structures.
- (68) To determine works licences.
- (69) To seek modifications to plans submitted with applications for works licences.
- (70) To enforce works licences.
- (71) To remove obstructions from waterways.
- (72) To dispose of dredgings.
- (73) To authorise named officers to require owners of craft to give information of the person in charge of their craft at any time, under Schedule 5, paragraph 9.
- (74) To serve Notices under paragraphs 11 and 12 of Schedule 5 (which relate to the repair of landing places etc and the removal of wrecks etc) and to enforce such Notices. In the case of the removal of wrecks, this is subject to such vessels being raised and removed to a place of safety allowing an owner to be given prior notice to destruction, unless it had to be destroyed in situ as a result of its size and/or position.
- (75) To mitigate oil pollution either as the harbour authority or if necessary as an agent for the Environment Agency.
- (76) To discount cargo tolls.
- (77) Deleted.
- (78) In respect of the Speed Limit Byelaws 1992:
 - (i) to approve registration marks for vessels.
- (79) In respect of the Navigation Byelaws 1995:
 - (i) giving consent or approval to the following activities and imposing conditions on those consents or approvals:
 - (a) towing;
 - (b) the use of blue lights and light signals;
 - (c) stern on or bow on mooring, approving places for such mooring and designating times when this is permitted;
 - (d) the mooring of vessels otherwise than broadside to a bank;
 - (e) anchoring in a channel;
 - (f) the turning of vessels;
 - (g) pyrotechnics;

- (h) use of firearms;
 - (i) fun events;
 - (ii) restricting mooring at specific places;
 - (iii) prohibiting vessels to be moored abreast at specific locations, imposing conditions in respect of multiple mooring and permitting exceptions to these restrictions;
 - (iv) securing the removal of obstructions;
 - (v) authorising officers to authorise passage through Carrow Bridge;
 - (vi) giving directions in respect of precautions to be taken when loading and unloading vessels;
 - (vii) appointing assistants to the navigation officer.
- (80) In respect of the Vessel Registration Byelaws 1997:
- (i) to request copies of registration certificates;
 - (ii) to charge a fee for replacing certificates;
 - (iii) to determine position of toll receipt on vessels;
 - (iv) to prescribe the form of a toll application and specifying the details to be included in it;
 - (v) to designate areas which private watercraft can use and prescribing the conditions for such use.
- (81) In respect of the Broads Authority Act 2009:
- (i) enforcing directions relating to the loading and unloading of vessels (section 10);
 - (ii) exercising the powers and duties relating to the registration and licensing of vessels (section 11);
 - (iii) designating authorised officers for the purpose of:
 - (a) entering and inspecting vessels and exercising related powers (section 17);
 - (b) exercising powers relating to unsafe vessels (section 19);
 - (iv) determining whether a vessel is unsafe (section 18). (In this respect, it is intended that the authorised officers include

qualified Boat Safety Scheme examiners and qualified Marine Surveyors);

- (v) exercising the powers and duties relating to the removal of unsafe vessels (section 20);
- (vi) designating authorised officers for the purposes of:
 - (a) requesting information about vessels (section 21);
 - (b) entering land, including adjacent waters (section 24);
 - (c) the inspection provisions in hire boat licences;
- (vii) serving notices requiring information from:
 - (a) masters and owners etc as to vessels (section 22);
 - (b) landowners etc as to vessels (section 23);
- (viii) exercising the following functions relating to waterskiing and wakeboarding:
 - (a) displaying directional signs (section 28(1));
 - (b) designating authorised officers for the purposes of giving directions as to waterskiing and wakeboarding (section 28(2));
 - (c) issuing, cancelling and amending permits for waterskiing and wakeboarding (sections 27 and 30);
- (ix) removing vegetation which is an obstruction or danger to vessels in the navigation area including the service of notices;
- (x) serving notices and exercising default powers in respect of vegetation which obstructs or is a potential danger to vessels in the navigation area (section 39);
- (xi) powers and duties relating to the licensing of hire boats (section 40).

I Broads Local Access Forum

- (82) To appoint and re-appoint members to the Broads Local Access Forum, in consultation with the Chairman of the Forum.

J Miscellaneous

- (83) To remove abandoned vehicles.

- (84) To accept gifts of property on behalf of the Authority.
- (85) To approve single grant requests up to £10,000.
- (86) In consultation with the Solicitor, to approve payments of up to £5,000 to complainants who have suffered a direct identifiable loss as a result of the Authority's actions.
- (87) To write off:
 - (i) any obsolete stores or equipment, or loss of property not exceeding £5,000;
 - (ii) all bad debts to a maximum of £5,000, where all reasonable recovery action has been exhausted.
- (88) To appoint members to the Sustainable Development Fund Panel, in consultation with the Chairman of the Authority and Chairman of the Panel, in accordance with any guidelines specified by the Authority about the overall membership of the Panel.
- (89) To appoint three members of the Authority and an Independent Person as a co-opted non voting member to a Hearings Committee to hear and determine allegations of breaches of the Members Code of Conduct referred to it by the Monitoring Officer.

**Powers Delegated to the Treasurer and
Financial Adviser to the Authority**

- (1) To be responsible for the proper administration of the Authority's financial affairs in accordance with section 17 of the Norfolk and Suffolk Broads Act 1988 including:
 - (i) the regulation and control of finance, and the making of safe and efficient arrangements for the receipts of monies;
 - (ii) audit commission and internal audit matters including the appointment of auditors;
 - (iii) pension fund matters; and
 - (iv) insurances.
- (2) To make suitable arrangements for the investment and realisation of short term monies surplus to the Authority's requirements.
- (3) To operate the Authority's bank accounts including:

- (i) to arrange overdraft facilities as and when necessary and within such limits as may be approved by the Authority from time to time;
 - (ii) to arrange the opening, operation and closing of such subsidiary bank accounts as are deemed necessary for the control of, and accounting for, the Authority's money;
 - (iii) to manage the day-to-day cash resources of the Authority and arrange such temporary borrowing or investment of surplus money as is deemed necessary;
 - (iv) to negotiate and receive or repay loans subject to the receipt of the necessary government sanctions and consents.
- (4) In consultation with the Chief Executive to write off:
- (i) any obsolete stores or equipment, or loss of property not exceeding £25,000;
 - (ii) all bad debts to a maximum of £25,000 where all reasonable recovery action has been exhausted.
- (5) To borrow in accordance with the Authority's policy.
- (6) To lend in accordance with the Authority's policy.

Powers Delegated to the Solicitor to the Authority

- (1) To carry out the duties of Monitoring Officer to the Authority.
- (2) To institute and settle, as appropriate, claims and proceedings:
 - (i) for the possession of property;
 - (ii) for the recovery of fees, tolls, rent and other sums owing to the Authority;
 - (iii) in respect of other financial loss suffered by the Authority.
- (3) To defend and settle, as appropriate, civil proceedings against the Authority, in relation to claims not covered by the Authority's insurance policies.
- (4) To institute criminal proceedings relating to any function of the Authority.
- (5) To defend any criminal proceedings against the Authority.
- (6) To determine applications for Certificates of Lawful Use and for Certificates of Lawfulness of Proposed Use or Development.

- (7) To serve notices requiring information to be given as to interests in land and if necessary to institute proceedings for failure to respond.
- (8) In cases of urgency and after consultation (if possible) with the Chair, or in the absence of the Chair the Vice-Chair, of the Planning Committee:
 - (i) to issue Listed Building Enforcement Notices and Conservation Area Enforcement Notices concurrently with District Officers;
 - (ii) to issue Enforcement Notices, Stop Notices Temporary Stop Notices and Article 4 Directions;
 - (iii) to take enforcement action in respect of unauthorised advertisements.
- (9) To authorise officers who otherwise have no right of audience to appear in Magistrates Court and County Court proceedings.
- (10) To execute deeds, contracts and other legal documents on behalf of the Authority to give effect to decisions taken by the Authority, its committees, the Chief Executive or other officers exercising delegated powers.

APPENDIX

“Proper Officer” Provisions

		Proper Officer
1.	<u>The Norfolk and Suffolk Broads Act 1988</u>	
	Schedule 1, paragraph 2 (6)	Chief Executive
	paragraph 2 (9)	Chief Executive
	paragraph 4 (4)	Chief Executive
	paragraph 4 (5)	Chief Executive
	paragraph 5 (11)	Chief Executive
	Schedule 4, paragraph 2 (3)	Chief Executive
	paragraph 2 (4)	Chief Executive
	Schedule 5, paragraph 13 (8)	Chief Executive
2.	<u>Local Government Act 1972</u>	
	Section 100 B (2)	Chief Executive
	Section 100 B (7) (c)	Chief Executive
	Section 100 C (2)	Chief Executive
	Section 100 D (1) (a)	The officer or advisor in whose name the report is designated.
	Section 100 D (5) (a)	The officer or advisor in whose name the report is

Section 100 F (2)	Identification of exempt information not available to <u>all</u> members.	designated. Chief Executive
Section 115 (2)	Receipt of money due from officers.	Head of Finance
Section 225 (1)	Deposit of documents.	Chief Executive
Section 229 (5)	Certification of photographic copies of documents.	Chief Executive
Section 234	Signature of any notice, order or other document given, made or issued by the Authority.	The officer responsible for the exercise of the function which is the subject of the decision in question (if no such person then the Chief Executive)
Section 238	Certification of bye-laws.	Chief Executive
3. <u>Other Legislation</u>		
Listed Buildings Act 1990 Section 2	Receipt on deposit of lists of buildings of special architectural or historical interest.	Chief Executive
Local Government Act 1974, Section 30 (5)	Giving notice of reports received by the Authority from the Local Ombudsman.	Chief Executive
Local Government (Miscellaneous Provisions) Act 1976, Section 41	Certifying copies of resolutions, orders, reports and minutes of the Authority.	Chief Executive

In each case, if the designated Proper Officer is not available to exercise the function then either the Director of Operations or the Director of Planning and Resources will act as the Proper Officer.

26 September 2014

Extract of Minutes from Broads Authority meeting - 15 May 2015

6/14 Annual Report on Requests to Waive Standing Orders Relating to Contracts

The Authority received a report providing an annual summary of the six instances where the Chief Executive had authorized the waiving of the Standing Orders for Contracts during 2014/15 together with the details of the reasons for doing so which were due to cases of extreme urgency, or where there was only one supplier or in certain other circumstances where specialists of specialist equipment might be required with the aim of achieving the best outcome for the Authority at the best possible price. Members noted that fewer waivers had been approved in this last year than in the previous year and that in cases involving larger sums, the Chair and Vice-Chair of the Authority, as well as the Chairman of the FSAC and Navigation Committee had been consulted.

RESOLVED

- (i) that the annual report of instances where Standing Orders have been waived be noted;
- (ii) that the action taken by Chief Executive in respect of the waiver of Standing Orders for the purchase of unifloats and spudlegs be supported; and
- (iii) that the Financial Scrutiny and Audit Committee consider an appropriate upper limit for the delegation on such waivers.

Standing Orders relating to Contracts

Request for Approval to waive Standing Orders

The Authority's Standing Orders relating to Contracts require that:

- for contracts where the estimated value is below £5,000, it is good practice but not mandatory to obtain more than one quotation;
- for contracts between £5,000 and £25,000, three written quotations must be received;
- for contracts above £25,000, a quotation must be sought by means of a public notice in one or more local newspapers, unless the tender is limited to a Standing List of contractors which has already been set up for certain purposes; and
- in all cases for contracts of £5,000 and above, the Authority must accept the most financially advantageous quotation.

There are a number of exceptions to these Standing Orders which include:

- where the Chief Executive certifies that there is an extreme urgency. In such cases the Chairman or in the Chairman's absence Vice-Chairman of the appropriate committee must be consulted;
- where there are only one or two suppliers for the supply of goods or services, and no other acceptable alternatives;
- for extensions to existing contracts, providing that the variation is not more than 10% of the original contract sum; and
- where it is not considered reasonably practicable, or in the interests of the Authority, to comply with Standing Orders, subject to a report to the next meeting of the appropriate committee.

(This is not a comprehensive list. The full list of exemptions is set out in the Standing Orders relating to Contracts).

The Chief Executive has delegated powers to approve exemptions as set out above. All requests must be set out on the attached form which should be completed (including the comments of the appropriate director) and submitted to the Director of Corporate Services (or in his absence the Head of Finance). All exemptions will be reported to the Broads Authority.

Other requests for approval to waive Standing Orders, which the Chief Executive does not have delegated powers to approve, must be considered by the Broads Authority or appropriate committee.

The attached form must be used for all requests to waive Standing Orders, as summarised above, including for all orders over £5,000 for which less than three quotes are sought.

Request for Approval to waive Standing Orders

Details of project/work to be carried out:

Estimated cost (exclusive of VAT):

Budget line:

Proposed supplier/provider:

Reasons for seeking approval to waive Standing Orders:

Submitted by:	Date:
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Comments of appropriate Director

Comments of Director of Corporate Services/Head of Finance:

Is consultation with the Chairman/Vice-Chairman of the appropriate committee required?

Does this need to be reported to the Broads Authority or appropriate committee?

Comments of Chief Executive:

Request approved:	Yes/No
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Date:

External Audit Annual Audit Fee 2015/16
Report by Head of Finance

Summary:	<p>This report appends the annual audit fee letter from Ernst & Young for undertaking the 2015/16 audit. The fee will be maintained at £13,943.</p> <p>This report also appends notification of a rebate for audit fees from the Audit Commission in relation to the 2014/15 audit.</p>
Recommendation:	<p>That the details of the annual audit fee letter be noted, and the Audit Commission rebate be welcomed.</p>

1 External Audit fee 2014/15

- 1.1 This report appends Ernst & Young's 2015/16 audit fee letter (Appendix 1), setting out the audit fee which will be payable for undertaking the 2015/16 audit of the Authority's accounts and its financial, governance and value for money arrangements.
- 1.2 Members will note that the audit fee will be £13,943, which represents no change when compared with the audit fee charged for 2014/15 and 2013/14.

2 Audit Commission rebate 2014/15

- 2.1 As in 2013/14, the Audit Commission provided a rebate for audit fees following the revisions to its structure and business model which have enabled reductions in costs. In 2014/15 the Authority received £1,433 in comparison to £1,908 received in 2013/14.

3 Financial implications

- 3.1 Provision for the annual audit fee was included in the 2014/15 budget and has been charged in the accounts for the year. The proposed External Audit fee for 2015/16 has similarly been provided for in the current year's budget.

Background papers: None

Author: Emma Krelle
Date of report: 19 June 2015

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Ernst & Young audit fee letter 2014/15

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

21 April 2015

Ref: Broads Authority/Fee letter 15-16

Direct line: 01223 394459

Email: nharris2@uk.ey.com

Dear John

Annual Audit Fees 2015/16

We are writing to confirm the audit work that we propose to undertake for the 2015/16 financial year at Broads Authority.

Our 2015/16 audit is the first that we will undertake following the closure of the Audit Commission on 31 March 2015. Our contract will now be overseen by Public Sector Audit Appointments Ltd (PSAA), an independent company set up by the Local Government Association, until it ends in 2017 (or 2020 if extended by the Department of Communities and Local Government).

The responsibility for publishing the statutory Code of Audit Practice, under which we will conduct our audit work, has transferred to the National Audit Office.

Indicative audit fee

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies, applying from 2015/16 audits.

The audit fee covers the:

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

For the 2015/16 financial year the Audit Commission has set the scale fee for each audited body prior to its closure. The scale fee is based on the fee initially set in the Audit Commission's 2012 procurement exercise. It is not liable to increase during the remainder of our contract without a change in the scope of our audit responsibilities.

The 2015/16 scale fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;

- The financial statements will be available to us in line with the agreed timetable;
- Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- Prompt responses are provided to our draft reports.

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

For the Broads Authority this fee is set at the scale fee level as the overall level of audit risk is not significantly different from that of the prior year.

As we have not yet completed our audit for 2014/15, our audit planning process for 2015/16 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2015/16 £	Planned fee 2014/15 £	Actual fee 2013/14 £
Total Code audit fee	13,943	13,943	13,943

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

Billing

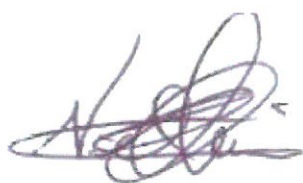
The indicative audit fee will be billed in 4 quarterly instalments of £3,485.75.

Audit plan

Our plan will be issued in March 2016. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Head of Finance and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Financial Scrutiny and Audit Committee.

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

Yours faithfully

A handwritten signature in dark ink, appearing to be 'Neil Harris', written in a cursive style.

Neil Harris
Director
Ernst & Young LLP
United Kingdom

cc. Emma Krelle, Head of Finance
Chair of the Financial Scrutiny and Audit Committee

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

Summary: This report updates members on progress in implementing Internal Audit recommendations arising out of audits carried out since 2014/15.

Recommendation: That the report be noted.

1 Introduction

- 1.2 It has been agreed that this Committee will receive a regular update of progress made in implementing Internal Audit report recommendations, focusing on outstanding recommendations and including timescales for completion of any outstanding work.
- 1.3 This report summarises the current position regarding recommendations arising out of internal audit reports which have been produced since 2014/15. It sets out in the appendix details of:
- recommendations not yet implemented
 - recommendations not implemented at the time of the last meeting which have since been implemented
 - new recommendations since the last meeting

2 Summary of Progress

- 2.1 In the previous report to this Committee in February, three medium and three low priority recommendations relating to End User Controls were identified as outstanding. Five of these continue to remain outstanding following significant capacity issues within the IT department for in excess of six months which drastically affected the work programme of that team. However following several unsuccessful rounds of recruitment a new member of staff joined the Broads Authority on 1 June and these recommendations will be implemented over the next few months.

3 Internal Audit Programme 2014/15

- 3.1 The final two audits from the 2014/15 programme have been completed since the last meeting of this Committee.

3.2 Key Controls (2014/15)

The regular annual audit of Key Controls was completed in May, following fieldwork in March and April. The objective of the audit was to review the systems and controls in place within the Authority's fundamental financial systems to ensure that these are operating adequately, effectively and efficiently. The audit also assessed progress in respect of implemented and outstanding agreed audit recommendations. This resulted in a "good" audit opinion with one low priority recommendation being raised. This is consistent with last year's rating of "good".

3.2.1 The audit identified areas for improvement relating to:

- opportunities to strengthen / improve the notes to the Statement of Accounts regarding the depreciation policy on Fixed Assets .

3.2.2 Good practice was noted relating to controls in place around: Treasury Management; General Ledger; Budgetary Control; Purchase Ledger; Sales Ledger; Payroll and Tolls income. Good progress was also noted with regard to the implementation of previous audit recommendations.

3.2.3 The recommendation raised has been completed.

3.3 Consultation Activities and Partnership Provisions

3.3.1 The objective of the audit was to review the Authority's activity relating to Consultation Activities and Partnership Provisions, to help confirm these are operating adequately, effectively and efficiently. This was the first time an audit on this area had been carried out but will be supplemented by a Marketing and Communications audit. This resulted in an "adequate" audit opinion with three medium and two low priority recommendations being raised.

3.3.2 The audit identified areas for improvement relating to:

Parish Forums

- Consideration should be given to providing a more formal feedback from the Parish Forum to the Broads Authority meeting covering attendees, issues raised and the advice given. There is a risk that the value and effectiveness of the meetings may be questioned if there is no public record of the issues discussed.
- Consideration should be given to increasing the Parish Forums participation in the setting of the Strategic Priorities by holding a meeting / workshop during the consultation period. If the members of the Parish Forums do not participate there is a risk that the Broads Authority Strategic Priorities do not meet the needs of the Community.

Consultative Review

- An evaluation of the effectiveness of the measures put in place to implement the consultative review recommendations should be carried out. If the effectiveness of the implemented recommendations is not

assessed, there is a risk that the envisaged outcome has not been achieved.

3.3.3 A number of positive were identified in relation to:

Broads Forum

- Terms of Reference exist and are reviewed and updated annually
- Broads Forum minutes are presented to the Broads Authority including action points
- The Broads Forum is a consultative group and it is consulted on strategic matters
- The meetings of the Broads Forum are open to the public who are encouraged to ask questions

Parish Forums

- Meetings of the forum are widely publicised using a variety of methods
- Feedback has been received from the people attending the forum saying how useful it has been
- All of the Town and Parish Councils within the Broads Authority area had been contacted by letter asking for their views on the authority's draft Strategic Priorities

Implementation of Consultative Review Findings

- An action plan has been developed and reviewed. A progress report was presented to the Management Team on the 6th September 2014 and a report was to be taken to members in January 2015.

Other Consultative Arrangements

- The committee structure shows which committees and forums are statutorily consultative and which are consultative / advisory
- The authority has the following policies setting out how the authority consults:
 - Statement of Community Involvement Policy; and
 - Engagement Guidelines – Widening and Strengthening Participation

Partnership Register and Governance

- A Partnership Register is in place which includes the name of the partnership, its purpose, the parties involved, Broads Authority lead officer, financial arrangements, operational risks and mitigation
- A Partnership Protocol is in place which provides a definition of what is and is not a partnership, and the process to be followed before entering into a partnership
- The Authority's Management Forum and Management Team review partnerships annually, confirming that partnerships are still meeting their aims and objectives and internal governance arrangements are appropriate and adequate

3.3.4 Three of the five recommendations remain outstanding in terms of the implementation of the recommendations. The first Parish Forum of 2015 was delayed until June 2015 to allow for appointments to be made following the District and Parish Elections. The formal feedback from the Forum held in Ranworth is at Appendix B of the Strategic Direction Report to the full Authority. The dates for further forum are yet to be determined although it is anticipated that these will coincide with the Authority's Annual Consultation with the Parishes on Strategic Priorities for the forthcoming year which is undertaken in the late Autumn. The Broads Forum had its annual meeting in April and elected a Chair and Vice Chair for the next 12 months after the need for nominations was flagged up at its February meeting. The review of the effectiveness of the Consultative Review will take place early in the next calendar year. A link to the Broads Blog has been included prominently on the right hand menu on all relevant sections (half of all the sections) of the Broads Authority website and all pages under these as it was not technically possible to put a link on the home page. This includes the Broads Forum page of the website. This action has been accepted by auditors as fulfilling the requirement.

4 Internal Audit Programme 2015/16

- 4.1 One audit from the 2015/16 programme has been carried out to date for Corporate Governance and Risk Management. To do date only in the draft report has been issued. The final report and recommendations will be reported to the September meeting.
- 4.2 Details of all new recommendations and the Authority's actions to date in response are set out in the appendix.

Background papers: None

Author: Emma Krelle
Date of report: 19 June 2015

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Procurement: October 2013

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>2. Contracts Register The Authority should review and update its contract register to confirm that all known contracts are recorded. Responsible officers for individual contracts should be identified.</p> <p>The Contracts Register should be a record of all current contracts and used as a management tool to identify contracts which are due to expire and as a result prompt review and timely procurement activity.</p>	Medium	Head of Finance	Completed. The contract register has been reviewed and updated into a spreadsheet format to include additional information as recommended by the LGA best practice template. This includes reporting / triggers for actions required by responsible officers.	<p>By 30/04/2014</p> <p>Revised Target Date: 31/08/2014</p>
<p>3. Purchase Ledger Review Monitoring and reporting of data from the purchase ledger should be undertaken on a periodic basis.</p> <p>In particular, a review of aggregate supplier spending (cumulative total of >£5k), should be undertaken to determine whether correct procurement procedures have been applied. This analysis should be undertaken in line with the review of the Contracts Register to determine whether the Contracts Register includes all</p>	Medium	Head of Finance	<p>Completed. The aggregate supplier spend data for 2013/14 has been reviewed as part of year-end processes. Of the 36 suppliers identified as part of the review Management Team reviewed the procurement processes used and agreed that the procurement methods had been appropriate.</p> <p>In future an annual review of aggregate supplier spend and</p>	<p>By 30/04/2014</p> <p>Revised Target Date: 31/10/2014</p>

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>contracts.</p> <p>Instances of non-compliance with Contract Standing Orders should be reported to senior management and recurring issues identified to inform staff training.</p>			the contract register will be undertaken after the financial year end.	

Corporate Governance and Risk Management: May 2014

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. Declarations of Interest Declarations of interests by Members should be requested and submitted each year, irrespective of whether there have been any changes and reviewed by the Head of Governance.</p> <p>Any changes need to be publicised on the Authority's website in line with the requirements stipulated in the Localism Act 2011.</p> <p>The completion of updated annual declarations of interests by Members will help to confirm that the Authority's ethical standards and values are</p>	Low	Head of Governance and Executive Assistant	Completed. Members have been requested to submit their declarations of interest each year, after the Authority's Annual Meeting in July, requiring all updates (or confirmations that the declarations remain extant) to be provided in advance of the following meeting of the Authority in September.	By 26/09/2014

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
being maintained and applied by all Members and comply with the requirements of the Localism Act 2011. Review of Declarations of Interest by the Head of Governance will help to confirm that the Authority is not at risk of reputational damage in case of any undeclared interests.				
<p>2. Risk Register The Risk Register should be updated to include:</p> <ul style="list-style-type: none"> 1) A 'Due Date' column should be added onto the Risk Register to clearly state the implementation date of mitigating actions in place. 2) A column should be added showing the score of the risk (probability x severity) following implementation of actions in place as well as additional actions identified by the risk owners. <p>A structured and cohesive Risk Register will help risk owners, management and staff to clearly identify their responsibilities relating to</p>	Low	Head of Governance and Executive Assistant	Completed. Changes have been incorporated in the Risk Register for the six monthly review by Risk Owners and the Management Forum, and are due for annual review by the Financial Scrutiny and Audit Committee at its meeting (23/09/2014).	By 23/09/2014

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
timeframes and deadlines on implementation of mitigating actions. It will also help to confirm that the mitigating actions identified are meaningful and help to reduce the risk probability and severity.				

End User Controls: December 2014

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. Screensaver configuration The Authority should deploy screensaver controls that include the following:</p> <ul style="list-style-type: none"> • The configuration of a default screensaver that cannot be changed by the user; • Implementation of an appropriate screen lock timeout, i.e. 10 minutes after inactivity, that initiates the screensaver automatically; and <p>A requirement for the user to re-enter their network password to unlock the</p>	Medium	Head of IT and Collector of Tolls	<p>Agreed with the Head of IT and Collector of Tolls at the debrief meeting.</p> <p>In progress, default Broads Authority screensaver created and will be implemented shortly.</p>	<p>By 31/05/2015</p> <p>Revised Target Date: 31/08/2015</p>

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
screensaver when returning to their screens.				
2. Corporate IT Group Terms of Reference The Authority should undertake a review of the Terms of Reference for the Corporate IT Group as the current document references individuals no longer with the Authority or where roles have changed. The review should also confirm that the group's remit continues to reflect the needs of the Authority.	Low	Head of IT and Collector of Tolls	Completed. Terms of Reference Reviewed and Agreed by Corporate ICT Group on 21 st January 2015.	By 31/05/2015
3. Formal Disposal Policy The Authority should give consideration to formally documenting an IT Disposal policy.	Low	Head of IT and Collector of Tolls	Agreed with the Head of IT and Collector of Tolls at the debrief meeting.	By 31/05/2015
4. WEEE Destruction certificates The Authority should ensure that a formal destruction certificate matching the receipts when items are collected, is received for every WEEE consignment.	Low	Head of IT and Collector of Tolls	Completed - Destruction certificates obtained for equipment recycled in 2014.	By 31/05/2015 Revised Target Date: 31/08/2015
5. Laptop hardware encryption The Authority should give	Low	Head of IT and Collector	Agreed with the Head of IT and Collector of Tolls at the	By 31/05/2015

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
consideration to deploying hardware encryption to every laptop under its control.		of Tolls	debrief meeting.	Revised Target Date: 31/08/2015
<p>6. Blackberry device password controls The Authority should ensure that appropriate mobile device password controls are implemented as part of the deployment of Blackberry Enterprise Server (BES) version 12.</p>	Medium	Head of IT and Collector of Tolls	<p>Agreed with the Head of IT and Collector of Tolls at the debrief meeting.</p> <p>Mostly completed – BES12 installed and device password enforced on 20 devices. Approximately 10 devices still under BES5.</p>	<p>By 31/05/2015</p> <p>Revised Target Date: 31/08/2015</p>
<p>7. USB device controls Recommendation - The Authority should ensure that appropriate controls over USB devices are implemented when Windows Server 2008 is deployed. Such controls could include the following:</p> <ul style="list-style-type: none"> • Restrict usage to specific, Authority approved, devices only; • Restrict the ability to copy data to, or from, devices not permitted by the Authority; and • Ensure that appropriate Anti Virus/Malware scanning is initiated on reading the device's data. 	Medium	Head of IT and Collector of Tolls	Agreed with the Head of IT and Collector of Tolls at the debrief meeting.	<p>By 31/05/2015</p> <p>Revised Target Date: 31/08/2015</p>

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
8. Asset tags The Authority should initiate a process whereby all devices under its control are asset tagged and recorded within an appropriate asset register.	Low	Head of IT and Collector of Tolls	Completed. Agreed with the Head of IT and Collector of Tolls at the debrief meeting. Asset Tags purchased, all new devices are being tagged.	By 31/05/2015

Consultation Activities and Partnership Provisions: January 2015

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
1. Broads Forum Members Elect the Chair and Vice Chair on an Annual Basis Consideration should be given to taking nominations for the Chair at the meeting before the election meeting held in May. Consideration should also be given to having a staggered election cycle so that the position of Chair and Vice Chair are not open at the same time.	Low	Head of Governance	Completed. The Broads Forum Members will be asked to identify nominations for both the Chair and Vice-Chair appointments at the February meeting during the agenda item concerning "Matters to be discussed at the next meeting". This will allow Broads Forum members time to identify a Chair and Vice Chair before the May meeting if no nominations are forthcoming in the February	By 05/02/2015

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			meeting. It is not considered practical to have a staggered appointment cycle as it is very possible that the Vice Chair will migrate into the Chair appointment at the end of a term of appointment.	
2. Parish Forum Feedback is Provided to the Broads Authority Consideration should be given to providing a more formal feedback report, covering attendees, issues raised and the advice given at the Parish Forum meetings.	Medium	Director of Planning and Resources / Strategy and Projects Officer	Formal feedback from each Parish Forum in the form of a short written summary will be provided to the Broads Authority Meeting following the relevant Parish Forum. The next Parish Forum is due in April/May with feedback report to be added as a standing item to Broads Authority Agendas from the May Meeting.	By 31/05/2015 Revised Target Date: 10/07/2015
3. Parish Forums are Consulted on Strategic Priorities Consideration should be given to increasing the Parish Forums participation in the setting of the Strategic Priorities by holding a joint meeting / workshop during the consultation period for the Parish Forums.	Medium	Director of Planning and Resources / Strategy and Projects Officer	Parish Forum (to which all Parishes will be invited) will be scheduled during the consultation period on the Strategic Priorities and will be highlighted as an agenda item. It is suggested that this be trialled for the consultation on the 2016-17 Strategic Priorities and the results reviewed to see whether it has	By 01/01/2016

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			resulted in increased participation.	
4. Consultative Review Action Plan An evaluation of the effectiveness of the measures put in place to implement the Review of Consultative Arrangements recommendations should be carried out.	Medium	Director of Planning and Resources / Strategy and Projects Officer	A Review of the effectiveness of the measures put in place following the Consultative Review to be completed. The timing of the review may require the re-establishment of the member working party, following the annual meeting in July and Broads Authority meetings in September and November 2015. It would be expected for a draft report to go to the January 2016 meeting and a final report to the March 2016 meeting.	By 01/03/2016
5. Implementation of Consultative Review Actions The Broads Forum section of the web site should be reviewed and a decision made as to whether a comments box should be included. If it is decided not to include a comments box, the Consultative Review action plan should be updated. A link to the Broads Blog should be	Low	Head of Communications	Action B3: The comments box is not required and contact with the Forum members should be through the individual point of contacts for the representative identified on the website or through the Forum's Public Question Time scheme. It is considered that no change is required. Completed. Action D2: Link	By 01/04/2015

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
provided on the Broads Authority web site homepage.			from the website to the Broads Blog to be introduced.	

Key Controls: May 2015

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. Ensure Statement of Accounts is Accurately Drafted to Reflect Fixed Asset Requirements</p> <p>The Authority should ensure when drafting the 2014-15 Statement of Accounts that information regarding the calculation of Fixed Assets is accurately portrayed in the notes.</p>	Low	Head of Finance	Completed. This has been rectified in the 2014/15 statement of accounts.	By 30/06/2015

UK National Parks Partnerships Ltd
Report by Chief Executive

Summary:	This report updates the Committee on the establishment of the new Company with the aim of raising commercial sponsorship for the UKs National Parks.
Recommendation:	To note the progress made in the establishment of the Company Board and its composition.

1 Appointment of the Board

- 1.1 The Board for the new Company has been appointed and consists of six non-executive directors appointed from within the National Park Authorities, both members and officers, and from external applicants. The biographies of the Board are appended and include Sir Peter Dixon from the Broads Authority. The first meeting of the Board took place on 8 June and Sir Peter Dixon will be able to update the Committee on the initial discussions.

2 Tax Liability and Advice

- 2.1 Dartmoor National Park Authority, the current owners of the Britain's Breathing Spaces Brand on behalf of the rest of the family, is seeking tax advice on the structure of the company, before final decisions are made on the model to be used.

Background papers: None

Author: John Packman
Date of report: 24 June 2015

Broads Plan Objectives: None

Appendices: APPENDIX 1 – National Parks Partnerships Ltd – Board – Biography Listing

National Parks Partnerships Ltd – Board – Biography Listing

Tim Barclay – Chief Operating Officer, BT Global Government & Health

Tim is accountable for the business operations for this c£1.5bn market unit and has responsibility for winning >£1bn of new contract value, including delivering the expected profitability and service levels. He is also accountable for the unit's transformation strategy as well as improving the relationships and effectiveness of the supply chain

Tim took on this new role at the beginning of the financial year, after 6 years as Managing Director of Sales & Customer Engagement for Openreach, where he was responsible for the £5billion of revenue which Openreach generates from installing and maintaining the fibres and connections which link tens of millions of homes and businesses in Britain to their Communications Providers' networks. In this role he was also the business lead for Organisational Health for the company, as Openreach strive to improve the engagement and effectiveness of their 32,000 employees.

Previously Tim has helped drive growth and customer satisfaction in a career that spans 30 years, through very different economic cycles, giving him very extensive experience of leading teams in changing times for companies both large and small.

Catherine Hawkins, Founder, Think!Sponsorship

Catherine is a commercial specialist with over 15 years experience in the sales and sponsorship sector. She started her career in advertising sales, quickly rising to Sales Director at publishing house Cabbell Publishing before moving to online advertising network ad pepper, where she was responsible for driving inventory sales throughout Europe as Business Development Director. After a successful period as Group Sales Manager for Sport Business International, she launched Think!Sponsorship in October 2002. Catherine specialises in working with sponsorship-seekers to identify assets and opportunities within organisations with the goal of converting these into revenue-generating & sustainable commercial programmes. Under Catherine's guidance, Think!Sponsorship has developed & created a number of tools for the sponsorship industry including the largest one-day sponsorship conference in the UK, industry-acclaimed research tool Find!Sponsorship, the Talk!Sponsorship networking series and the Sell!Your Sponsorship workshop series. Catherine works with a broad range of organisations and recent projects have included a naming rights sale for a city council, commercialisation of a large-scale national visitor attraction, development of a sponsorship strategy for a trade association, a pricing project for an arts festival & management of the sponsors for one of the longest running sporting events in the world.

Catherine is a keen walker, a devoted – and long-suffering - Ipswich Town FC fan and also enjoys cooking, music and art. She is married and lives in Stratford, London.

John Kennedy, Chief Operating Officer, MOO.com

John started his career in the food industry, initially with Quorn and then was one of the team that grew Green & Black's chocolate into a global brand. More recently he has been the UK MD of an online retailer, Wayfair, and now is the COO of MOO, a multinational online print and design company. He has a Manufacturing Degree from Cambridge University and an MBA from INSEAD. He's had a love affair with the bicycle, thankfully shared by his wife, so they spent a year on a tandem heading to Australia. They currently live in London, though spend as much time as they can on the Yorkshire Moors.

Kristine Olson-Chapman, Commercial Director, Talk Talk Group

Kristine is an accomplished senior executive with 8 years' extensive experience operating internationally at board level, with significant P&L responsibility across a wide range of business disciplines, geographies and industries—including Telecommunications, Financial Services, and Fast Moving Consumer Goods. She is a customer centric general manager with particular emphasis in marketing, product management and sales.

Kristine is currently the B2B Commercial Director at TalkTalk Group PLC where she has held various senior positions over the last 6 years. Prior to joining TalkTalk Kristine spent ten years at American Express—both in the US and in the UK—and Kristine began her career at Unilever in brand and product management holding both US and global roles. She holds an M.B.A. from New York University.

In her spare time, Kristine enjoys photography, travelling and walking with her husband.

Internal Appointments (UK National Park Family)**Julian Atkins, Director of Countryside and Land Management, Brecon Beacons NPA**

Julian joined the Brecon Beacons National Park Authority in 2009 as Director of Countryside and Land Management and has responsibility for the Authority's property portfolio, commercial and visitor services operations, recreation and conservation functions, community development/sustainable tourism activity, and an education service. He spent 16 years in Canada and holds an MA in Community & Regional Planning from the University of British Columbia, but returned to the UK in 1990 to pursue a career in countryside, recreation and built heritage management. Julian currently represents Fforest Fawr Geopark in the European Geoparks Network and is Vice-Chair of the UK Global Geoparks Forum. He also sits on the South Wales and Severn Waterways Partnership of the Canal and River Trust. Prior to joining the National Park Authority, Julian was Environment and Conservation Manager with the City & County of Swansea and participated as a Change Leader in the Council-wide e-government transformation programme in 2005/6.

Stephen Curl, Member Lake District National Park Authority

Steve lives in the Lake District National Park. He was appointed as a Member of the Park Authority this April following a period advising them on a range of commercial matters. Following early years in the energy sector, he has more than 25 years experience as an executive in international technology companies. Since 2006 he has been chairman of a portfolio of UK private equity backed businesses. Today these include an oil and gas exploration company, a data analytics consultancy and two software companies. He is Deputy Chair of the Board of Directors and Chair of Finance at the University of Cumbria. Steve enjoys adventure in high places and looks forward to helping the UK National Parks raise funds in a challenging environment.

Sir Peter Dixon, Vice Chair Broads Authority

Peter is vice-chair of the Broads Authority and was chairman of the Housing Corporation until 2008 and of University College London Hospitals NHS Foundation Trust until 2009. In recent years he has chaired three challenged hospital trusts while they grappled with financial and service issues. He currently chairs Diabetes UK, Imperial College Health Partners and the Anglia Ruskin Health Partnership. His previous career included running a variety of manufacturing businesses as well as experience in banking and corporate finance. He also works as a non-executive director in the private sector and does occasional advisory work in various parts of the health service as well as being a trustee of health and housing related charities.

Earlier in his career he was a member of a local authority and chaired its planning committee. His knighthood was for services to housing.

Peter Harper, Chairman Dartmoor NPA

Peter is currently Director and Owner of HL Land Ventures - a venture capital company specialising in land based investments, at present forestry, renewal energy projects, hydro, biomass and wind. The company also has land ventures in North America including natural gas/oil well restoration, farming and bio-ethanol production.

Peter has been a Secretary of State elected Member of Dartmoor NPA since 2008 and became Chairman in 2014. He was appointed to the Environment Agency SW Regional Flooding Committee in 2009 whose role is to advise on the effect national policy has at a regional level, giving feedback to national directors on the budget plans/future spend. Over the last year SWRFC has been involved in putting together a 6yr plan worth £300M

From 1997 to 2012 Peter was Owner and Director of Blue Egg Productions - a company set up with an army officer friend who was injured in the first Gulf War. It was a digital media platform to provide visual special effects to the advertising industry, later providing the visual effects for the last 3 Bond films. When the company was sold to Virgin Media it employed over 160 people and had a turnover of £94 million per annum. Peter's role was as an owner and contracts director - to provide the company with new work and also to look after existing clients.

Peter served as an Army Officer in the Army Air Corps between 1988 and 1996. After passing out from RMA Sandhurst Peter's first role was a flight commander in Northern Ireland, then moving to Germany and then the first Gulf war on return he was promoted to captain and squadron second in command, a role which took him to Bosnia on peace keeping duties. Peter's last year was spent with the MOD procurement team assessing the suitability of the new Apache helicopter for the UK armed forces.

Peter is also a Partner in the family farming business (1986 – present) which included him taking his HND in agriculture.

Mark Holroyd, Transport & Tourism Manager, New Forest NPA

Mark is the Transport & Tourism Manager for the New Forest National Park Authority. He currently oversees two major programmes to transform the way visitors and residents travel to and around the National Park by sustainable transport. This includes a strong focus on developing commercially viable bus services and working closely with the tourism sector. Originally from south Cumbria, Mark was previously a Tourism Officer in the Western Lake District developing community based tourism projects and working with businesses. Prior to this he held various roles in hospitality and tourism sector in the Lake District. Mark has a degree in geography from Newcastle University, a postgraduate certificate in Destination Management and recently started working towards an MBA.

Tony McInnes, Head of Commercial Development, Loch Lomond and the Trossachs NPA – since being elected Tony has tendered his resignation at Loch Lomond and the Trossachs NPA. Grant Moir, CEO of Cairngorms NPA has agreed to represent Scotland on a temporary basis.