

Audit and Risk Committee

Agenda 20 July 2021

2.00pm

Introduction

1. To receive apologies for absence
2. To receive declarations of interest
3. To note whether any items have been proposed as matters of urgent business
4. Public question time – to note whether any questions have been raised by members of the public
5. **To receive and confirm the minutes of the Audit and Risk Committee meeting held on 2 March 2021** (Pages 3-9)

Governance and Audit

6. **Code of Conduct and declarations of interest** (Pages 10-69)
Report by Monitoring Officer
7. **Internal Audit Annual Report and Opinion 2020/21** (Pages 70-97)
Report by Head of Internal Audit
8. **Annual Governance Statement 2020/21 and Code of Corporate Governance 2021**
(Pages 98-131)
Report by Head of Governance
9. **External Audit - Audit Plan** (Pages 132-175)
Report by Chief Financial Officer

Financial direction

10. **Draft Statement of Account 2020/21** (Pages 176-263)
Report by Chief Financial Officer
11. **Financial Management Code** (Pages 264-287)
Report by Chief Financial Officer

Items for consent

These items will be taken as a block. Members are asked to submit any questions relating to these items in advance of the meeting.

12. **Investment Strategy and Performance Annual Report 2020/21** (Pages 288-290)
Report by Chief Financial Officer
13. **Implementation of Internal Audit recommendations – summary of progress** (Pages 291-307)
Report by Chief Financial Officer

Other Matters

14. **Corporate Risk Register – 6 month review** (Pages 308-315)
Report by Head of Governance
15. Other items of business
Items of business which the chairman decides should be considered as a matter of urgency pursuant to Section 1008 (4)(b) of the Local Government Act 1972
16. To answer any formal questions of which due notice has been given
17. **To note the date of the next meeting – Tuesday 21 September at 10.00am at Yare House, 62/64 Thorpe Road, Norwich**

Audit and Risk Committee

Minutes of the meeting held on 02 March 2021

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Present

Nicky Talbot – in the Chair, Matthew Bradbury, Bill Dickson, Gail Harris, Lana Hempsall, Tristram Hilborn, Greg Munford, Simon Roberts and Fran Whymark.

In attendance

John Packman – Chief Executive, Emma Krelle – Chief Financial Officer, Rob Rogers – Director of Operations, Faye Haywood – Internal Audit Manager, Mark Hodgson – Audit Partner External Audit Ernst & Young, Esmeralda Guds – Governance Officer, Sarah Mullarney (meeting moderator) and Sara Utting (meeting moderator).

1. Apologies and welcome

The Chair welcomed everyone to the meeting.

No apologies had been received.

Openness of Local Government Bodies Regulations 2014

The Chairman reminded members that the meeting was being held under the provisions of the above regulations and in accordance with the Broads Authority's Standing Orders for remote meeting procedures agreed on 22 May 2020. The meeting was being live streamed and recorded and the Broads Authority retained the copyright. The minutes remained the record of the meeting.

2. Introductions and declarations of interest

Members introduced themselves and there were no further interests to declare.

3. Items of urgent business

There were no items of urgent business.

The Committee noted the proposed change of time of the Audit and Risk Committee to 10 am as from September 2021, to fall in line with the Broads Authority and Planning Committee meetings. A member suggested checking whether the proposed changes would clash with other local authority council meetings.

4. Public question time

No public questions had been received.

5. Minutes of last meeting

In regard to item 8, para 12 of the Audit and Risk Committee minutes of 17 November 2020, a member said he believed it was proposed, rather than 'suggested', that the Chair of the Broads Authority should write a letter to the Minister. The minute taker would check the recording and confirm the correct wording with the Chair.

Subject to the above, the minutes of the meeting held on 17 November 2020 were approved as a correct record and signed by the Chairman.

6. Investment Strategy and Performance Report 2020/21 and Draft Capital, Treasury and Investment Strategy 2021/22

The Chief Financial Officer (CFO) introduced the report, which provided details of the Broads Authority's investment of surplus cash and the Draft Capital, Treasury and Investment Strategy 2021/22.

The CFO apologised for an error in Tables 1 and 2 on page 11 of the report, where in the 95 Day Notice Account, the highest and lowest sum were presented in reverse.

The CFO reported that the fixed term deposit was due to mature and that interest rates were due to decrease further as from 12 April 2021. Reviewing the options, the CFO was exploring whether the Debt Management Office would be a better option to place the £1m investment. Members would be updated at the next Broads Authority meeting on 19 March 2021.

The CFO explained that the 95 Day Notice Account was currently the best option for the £1m investment, as it provided flexibility to move the funds after 3 months if interest rates were to improve. The notice accounts held with Barclay were around base rate, which meant that if the base rate became negative the Authority would be paying the bank to look after the surplus cash.

The Committee was reminded that, in the past, the Authority had considered the services of treasury advisers but the cost doing this would outweigh the interest received.

The CFO said that she had doubts that interest budget for 2021/22 would be achieved if the maximum rate achievable remained around 0.15%. The budget for 2021/22 had been set at £13,500 but using the rate above only £5,250 would be received.

A member asked whether, with interest rates being so low, this would be a good time to revisit the Public Works Loan. The CFO explained that the options of paying off the loan early had been explored several times over the last few years, but the fixed penalty would be higher than paying off the loan and therefore this was not financially viable. The CFO said she would look at the Public Works Loan again and give a verbal update at the next Broads Authority meeting on 19 March 2021.

Another member suggested investing with Churches, Charities and Local Authorities (CCLA), an organisation that invests funds on behalf of these three sectors. The member believed that, especially as the Authority was dealing with long term investments, the CCLA or similar organisations were worth considering. The CFO explained that the Authority had always been cautious to ensure the maximum security of its funds. Although the CCLA was currently showing better returns than investing within the banking sector, it provided less security as the investment fund could go up as well as down. It was also highlighted that this would be a change in strategy as equity investments are currently excluded within the Investment strategy.

A further point was raised as to whether the Authority should, within its investment policy, think about how it pays attention to its ethical and environmental considerations. The

member believed Environmental, Social and Governance (ESG) risks should be considered when investing, especially for an organisation proud of its environmental and ethical credentials. The CFO agreed this was a good point and would look into this.

The members noted the current arrangements regarding the investment of surplus cash and recommended the Draft Capital, Treasury and Investment Strategy to the Broads Authority for approval

7. Consolidated Income and Expenditure: 1 April to 31 December 2021 actual and 2020/21 forecast outturn

The CFO introduced the report, which provided details of actual income and expenditure for the nine-month period to 31 December 2020, and a forecast of the projected expenditure at the end of the financial year (31 March 2021).

Table 1 on page 31 of the report showed the Actual Consolidated Income and Expenditure figures up until the end of December 2020. The CFO reported that as at the end of January 2021 the variable variance total had moved up to £699,448, which was 74.6% of the budget. The members were reminded the budget had not changed, but that savings had been adjusted to the forecast.

As at the end of February 2021, there was a £115,000 deficit on both private and hired tolls income combined. This was positive compared to the forecast influenced by the Covid-19 situation for April figures last year.

There had been no changes to the Latest Available Budget or the forecast.

Table 4 on page 33 showed an Earmarked reserves balance of £1,714,649 which had now moved to £1,640,674. The Heritage Lottery Fund (HLF) reserve was still showing overdrawn and members were reminded that, at the last Broads Authority meeting, a transfer had been agreed from the National Park General reserve to the HLF as a one-off loan to help balance the account until the end of the project. The transfer would be made at the end of the financial year.

£60,000 online toll payments had been received to date, which was a positive start to the 2021/22 financial year.

Members noted the income and expenditure figures.

8. Internal Audit Strategic and Annual Plans 2021/22

The Internal Audit Manager introduced the report, which outlined the approach to internal auditing for 2021/22 and highlighted the areas that Internal Audit wished to look at in providing assurance for the year-end opinion.

The Internal Audit Manager said that the Internal Audit Charter had been received by the Committee on several occasions and no material changes had been made to the document.

Apart from a small paragraph in relation to the contract, which was up for renewal this year, the Internal Audit Strategy feeding into the Opinion and the Annual Government Statement, had not changed.

As for the previous year, a work block of 36 days had been proposed for the Internal Audit Plan, which included a focus on the Authority's recovery response to the Covid pandemic.

Of the four proposed areas for internal audit, the first was Corporate Government and Risk Management. This was carried out annually and would this year include the risk management of the Covid pandemic. The audit would also look at the governance arrangements, including the management of remote (online) meetings.

Auditing of Key Controls and Assurance was also carried out every year, focusing this year on the budget monitoring in relation to income.

The third area of audit was Human Resource and Payroll, where the audit would look at the new HR system which had been implemented.

The fourth area of audit was IT, which was carried out every two years. The focus for 2021/22 would be to review Cyber security. Internal Audit would provide support through practical recommendations and review that home working had been managed robustly throughout the pandemic period.

For 2022/23, Internal Audit aimed to consider Asset Management and Partnership Working, although this was subject to change.

A member asked about the frequency of the different areas of audit on the register and whether there was a five year forward plan separating the regular items from the ad hoc items.

The internal auditor explained that key areas providing the most significant risks to the Authority took priority and were audited annually, like Risk Management and Financial Control. Operational risks like cyber security and the Port Marine Safety Code sat further down the register and were addressed on a rotational basis.

The Internal Auditor confirmed that 36 audit days was standard for the Authority and that they felt confident in being able to give an opinion within this number of days.

It was resolved unanimously that the Committee approved the Internal Audit Strategy for 2021/22, the Internal Audit Charter and the Annual Internal Audit Plan for 2021/22.

9. External Audit

The Committee received the Audit Letter for 2019/20, which summarised the key issues arising from the audit.

The audit findings had been received by the Committee at their last meeting. The Annual Audit Letter summarised the key audit findings for the year in a more public facing format

than the detailed audit results report considered at the meeting on 17 November 2020 before the approval of the accounts.

The CFO highlighted that the Covid fee had been determined and that all additional fees above the scale fee were being disputed with Ernst & Young via the PSAA.

The Audit Partner explained that due to the pandemic they were not in a position to provide an audit plan for 2020/21. However, apart from having to consider the impact of Covid on the Authority's finances, he expected to see the same risks in the audit plan as last year.

Members recommended that the Annual Audit Letter for 2019/20 was noted.

10. Implementation of internal audit recommendations: summary of progress

The CFO introduced the report, which gave a summary of progress in implementing Internal Audit recommendations arising out of audit carried out during 2018/19, 2019/20 and 2020/21.

The Internal Audit Manager commented that they were experiencing significant delays due to the pandemic but assured the Committee that outstanding audit reports on Key Controls, Port Marine Safety Code and Risk Management & Corporate Governance would be completed in the coming weeks ready for the next meeting in July 2021.

Members noted the report.

11. Independent review of External Audit and Financial Reporting

The CFO introduced the report, which provided an overview of the recommendations raised by Sir Tony Redmond in his review into external audit and financial reporting.

One of the recommendations was to move the deadline from 31 of July to 30 September for the approval of accounts, and the CFO reported that the revised committee timetable 2021/22 going to the Broads Authority on 19 March for approval reflected that change.

It was highlighted that, in regards to the fee structure, all Local Authorities were subject to audit under the Public Sector Audit Appointments (PSAA) regime.

A member asked for an update on the progress made in addressing the matter of the increase in the audit fees. The Chief Executive replied that he was engaging with Defra officials and the Ministry of Housing, Communities and Local Government (MHCLG) to seek their support in this matter. The Chair of the Authority had suggested that engaging with Defra officials before writing to the Minister would be a better approach.

Members noted the report.

12. Other items of business

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

13. Formal questions

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

14. Date of next meeting

The next Audit and Risk Committee meeting would be on 20 July 2021, commencing at 2pm.

The meeting ended at 2.52pm.

Signed by

Chairman

Audit and Risk Committee

20 July 2021

Agenda item number 6

Code of Conduct and declaration of interests

Report by Monitoring Officer

Purpose

This report notes the external legal advice provided to the Broads Authority on Disclosable Pecuniary Interests in relation to the setting of navigation charges.

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

Recommended decisions

- (i) To note the external legal advice provided by Mr Jonathan Goolden on Disclosable Pecuniary Interests in relation to the setting of navigation charges and that his advice will be followed in future years;
 - (ii) To recommend that the Broads Authority adopts the following documents, subject to any further amendments agreed by the Authority:
 - (a) Member Code of Conduct for Authority members, based on LGA's new Model Code of Councillor Conduct (as amended to retain paragraph 3.10 of the existing Code) (Appendix 1)
 - (b) Register of Interests' form for members (Appendix 3)
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1. Introduction

- 1.1. A question was raised at the Broads Authority meeting on 20 November 2020 regarding disclosable pecuniary interests (DPIs) when the Authority was considering the proposed navigation charges for 2021/22. The Monitoring Officer (MO) advised that three members had a DPI in the setting of those charges as directors and operators of private hire and leisure boats companies, and therefore should not participate in that item. One of the three members requested a second opinion on this matter, and the MO took external legal advice from Mr Jonathan Goolden, whose advice is summarised in section 2 of this report.
- 1.2. The matter of DPIs is included within the Authority's 'Code of Conduct for Members'. The Code was last updated in November 2018 and it is recommended it be replaced by

a revised Code, based on the new LGA Model Code of Councillor Conduct. If adopted, consequential amendments can be made to the 'Code of Conduct for members on Planning Committee and officers' (updated July 2017).

2. External legal advice on DPIs in relation to setting of navigation charges

- 2.1. Mr Jonathan Goolden is a Senior Partner in Wilkin Chapman LLP Solicitors. He is a highly experienced regulatory, public sector lawyer and former senior manager, has been a Monitoring Officer and is an Independent Person for two authorities. Mr Goolden is aware of the statutory basis within which the BA works and the extent of its role and purposes, and of the roles and responsibilities of its Navigation Committee.
- 2.2. The MO sought Mr Goolden's advice on the matter of the three members who had a DPI in the setting of navigation charges as directors and operators of private hire and leisure boats companies, and whether such a DPI was sufficiently direct also to apply to other matters that might impact on their businesses. Mr Goolden's advice in full was forwarded to all members on 19 April 2021 and is summarised in paragraphs 2.3 to 2.16 below.

Mr Goolden's advice (summary)

- 2.3. Under the Localism Act 2011, the Broads Authority (BA) must promote and maintain high standards of conduct by members and co-opted members, and adopt a code of conduct. It must also maintain a register of interests of members, and a member must notify the MO of any DPIs. A member may not participate in a matter at a meeting if they have a DPI in that matter unless granted a dispensation under section 33 of the 2011 Act. The statute requires that the DPI be "in" the matter, not related to or about it. This implies a very direct relationship between the registered interest and the matter under consideration by the BA.
- 2.4. In addition to the requirement on members to register and act on DPIs, the Authority's own Code of Conduct provides for personal interests and prejudicial interests. Under paragraph 3.7 of the Code, a personal interest is one where a decision in relation to that business might reasonably be regarded as affecting the wellbeing or financial position of a member or their family or any person with whom they have a close relationship to a greater extent than the majority of other toll payers or inhabitants of the BA's area. Under paragraph 3.8, a personal interest is also a prejudicial interest if a member of the public with knowledge of the facts would reasonably regard that interest as so significant that it would prejudice the member's judgment.
- 2.5. Under paragraph 3.6 of the Code, a personal interest must be declared at the meeting. Under paragraph 3.9 of the Code, a member with a prejudicial interest must not only declare it but also not participate in the discussion or voting but that a member may apply for a dispensation (which may be subject to restrictions).

- 2.6. Under paragraph 3.10 of the existing Code, however, a member may declare, attend and vote on a number of matters including the setting of tolls where the extent of the interest is limited to owning a boat and thereby paying a toll. Owning a boat and paying a toll will in itself will not be a DPI unless that ownership was as part of a business, though were it not for this paragraph of the Code it might otherwise have amounted to a personal and or prejudicial interest.
- 2.7. The three members who list in the register of DPOs that they are directors and operators of private hire and leisure boats companies (and any other member who holds a paid position in or owns a business which pays navigation tolls) would have a DPI in any item of business for the setting of navigation tolls. By virtue of the Relevant Authorities (Disclosable Interests) Regulations 2012, they are required to register any employment, office, trade, profession, or vocation carried on for profit or gain and that includes a remunerated directorship in a business providing vessels for hire where either the business will be liable to pay tolls as an operator or it will be liable to pay tolls as a vessel owner or both.
- 2.8. Though there is a need for there to be a very direct connection between the DPI held and the item of business for the DPI to be “in” that item, the setting of tolls is so directly connected to the ownership and operation of vessels for hire that those members will have a DPI.
- 2.9. Even though an owner of a private vessel will also be affected by a decision on the setting of navigation tolls, that interest is not a DPI unless it is within one of the categories in the 2012 Regulations. The payment of a toll is not a contract with the Authority and no other categories are relevant. Therefore, the owner of a private vessel is in a fundamentally different position to a commercial boat hire operator when it comes to interests in navigation toll setting. A private vessel owner has a personal and or prejudicial interest by virtue of the Code (but not by the 2012 Regulations). As long as the member who owns a private vessel declares that interest they may, under paragraph 3.10 of the Code, participate and vote on the item of business.
- 2.10. It is very clear that but for a dispensation, the three members would not be able to participate in any way in the item of business. Even though a member may have some personal knowledge that might be of benefit to the Authority, if they have a DPI then they must withdraw completely from participation in the item, including making a statement, unless they have applied for and been granted a dispensation.
- 2.11. Under section 33 of the Localism Act 2011, a dispensation may be granted if the granting of it is in the interest of persons living in the Authority’s area or that it is otherwise appropriate to grant one. Section 33(1) of the Act provides specifically that a dispensation may be granted to relieve a member of either or both of the restrictions in section 31(4). Those restrictions are that a member with a DPI may not (a) participate, or participate further, in any discussion if the matter at the meeting and (b) participate in any vote, or further vote taken on the matter at the meeting. It is clear that a dispensation can permit participation only, or participation and voting. In theory it

would be possible to grant a dispensation allowing a member with a DPI to vote, though it would be impossible to vote in a meeting without joining it either physically in the room or so far as permitted by remote meeting rules, online, without that also being participation.

- 2.12. Critically, making a statement of representation to a meeting is participating in that meeting. The three members could be granted a dispensation to participate in the meeting if they wished to make statements, but it is not considered that the participation could then be limited to just making statements. A member is either in the room and participating or not.

This then leads on to the question as to whether granting the three members dispensations is in the interest of persons living in the Authority's area or that it is otherwise appropriate to grant them. This is a question of judgement for the MO as proper officer, but it is doubted that it is really necessary or appropriate, because:

- (a) it is the function of the Navigation Committee to represent the interests of toll payers generally and the BA will have regard to its views;
- (b) participation by three operators in the consideration of toll setting and not other operators appears to place those three operators at an advantage to others and be unfair;
- (c) participation by the three members does not sit easily with the Nolan principles of selflessness, integrity and propriety, and honesty. This is not to suggest that the three members are in any way not acting with personal integrity, just that their actions could be perceived to not be in accordance with those principles;
- (d) regardless of the Code, those three members are at risk of being perceived to exhibit apparent bias which could render the decision taken liable to legal challenge.

- 2.13. As to other situations where DPIs might arise for private hire boat operators, for example reports about marine safety or decisions that will incur costs for their businesses if higher safety standards are agreed, or changes in planning policy, there must be a direct connection between the item of business and the registered interest for a DPI to arise. The starting point is what is contained in the member's register.

(In his advice, Mr Goolden references two examples:

- One member has registered his directorship of a hire boat company as a paid employment, or office, and also registered that he owns the boatyard and moorings of the company and land adjacent, garden and moorings. That member would have a DPI in a planning application for that land. He would not have a DPI in a planning application for premises next door not owned by him, but might have a personal interest in a planning application for the next-door premises if a decision on that application might reasonably be regarded as affecting his wellbeing or financial position, but that would not be a DPI.

- In the case of a second member, a proposal by the BA to require all commercial hire boat operators to provide a one hour on the water training session for all hirers of craft over 13 metres in length would be sufficiently connected to his registered business as a number of such craft are in his hire fleet. He would have a DPI in the proposal as it will have a financial impact on the registered interest (it is pecuniary) and the interest is “in” the proposal in that it has a direct connection to his business. A proposal to undertake a general review of the provision of safety instructions to Broads’ users would not be sufficiently specific to have a direct connection to a particular hire boat business.)
- 2.14. Each case needs to be considered on its own facts, and only the member concerned can be fully aware of the nature of their own interests. Nonetheless, bearing in mind that to participate or vote on a matter with a DPI is a criminal offence, it is wise for members to err on the side of caution in acting on interests and to apply for a dispensation in plenty of time before a meeting if there are reasons why having a DPI might unreasonably prevent their participation.
- 2.15. Where a matter does not have a direct connection to a registered interest, it may still give rise to a personal and/or prejudicial interest. The test for a personal interest is whether the matter would affect the member’s wellbeing or financial position (or that of specified others). “Affect” is a wider definition than “in” for DPIs and includes measures which will have a causal relationship.

MO’s summary of legal advice

- 2.16. Mr Goolden’s advice concurs with the MO’s view as to the existence of DPIs on the part of the three members concerned. It suggests that the granting of dispensations would not have been “otherwise appropriate” under s33 of the Localism Act 2011, for the reasons set out above. Indeed, at the Authority’s meeting on 20 November 2020, the MO was not willing to grant dispensations that might have allowed the three members to speak or vote in the debate on the setting of the charges. The extent of the DPIs is considered and explained in Mr Goolden’s advice. Therefore, the position is clear for the future for these three members in terms of any reports about the setting of navigation charges and also, in terms of the extent of their DPIs, in other matters coming before the BA.

3. DPIs and ‘local’ interests

- 3.1. As noted above, if a member has a DPI “in” any item of business, they cannot speak or vote in the debate, unless they have first applied for a dispensation in writing and this has been granted by the MO. As explained above, DPIs are statutory in nature, being set out in Regulations made in 2012, under the Localism Act 2011. This Act also requires certain authorities, including the Broads Authority, to adopt a code of conduct to regulate the behaviour of its members.
- 3.2. It is often the case that authorities will set out other ‘local’ interests under whatever code of conduct they have adopted. These local interests are usually things like

membership of outside bodies, to which the member is appointed by their authority; membership of charities, lobby groups, or other groups whose purpose is to influence public policy; or membership of other local authorities. These local interests are then declared in Part 2 of the register of interests, Part 1 being for the declaration of DPIs. With a local interest, a member can still speak and vote in any debate that concerns or is related to their interest, having declared the interest verbally, at the meeting. The rationale for this is so that the member can impart their local knowledge and expertise, gleaned from their membership of a local charity, or other local authority, for example.

- 3.3. In the register of interests form currently used by the Broads Authority, members declare their DPIs as specified in law. They also must declare 'clubs and societies' of which they are members. The register of interests' form does not differentiate between those interests which are DPIs and those which are not.
- 3.4. Aside from DPIs, the Code adopted by the Authority refers, in paragraphs 3.6-3.10, to personal and personal/prejudicial interests (also see Mr Goolden's commentary above on this part of the Code). Personal interests and personal/prejudicial interests, as set out in the Code, were types of declarable interests under the former National Model Code of Conduct. This was revoked by the Localism Act 2011.
- 3.5. Under the Code, if a member has a personal/prejudicial interest, as defined, in an item of business, they are also unable to speak or vote in the debate, unless they first obtain a dispensation that enables them to do so. Therefore, membership of clubs, societies or outside bodies could give rise to personal/prejudicial interests which preclude a member from taking part in an item of business. (Note that a member could be precluded from taking part if they are biased by virtue of their membership of an outside body, etc, or if there is the appearance of bias. However, bias and predetermination are common law concepts, separate from the Code and the Localism Act 2011).
- 3.6. The inclusion of personal and personal/prejudicial interests, as defined in the Authority's current Code, casts the reader back to previous types of interest. The implications of having a personal and personal/prejudicial interest under the Code is tantamount to having a DPI. For that reason, the Code is not as straightforward as it might be, if the interests were simply DPIs and other 'local' interests, as agreed and defined by the Authority. Also, the register of interests' form does not reference these personal and personal/ prejudicial interests, nor differentiate between them, specifically.

4. Code of Conduct – proposed revision

- 4.1. As noted in the introduction to this report, the Authority's Code of Conduct for Members (adopted November 2018) is under review, together with the Code of Conduct for members on Planning Committee and officers (adopted July 2017), and the Register of Interests' form.

- 4.2. The Local Government Association (LGA) has produced a new [National Model Councillor Code of Conduct](#) ('the model Code'). The draft model Code was subject to extensive national consultation and drafting changes, and has now been finalised (latest update 17 May 2021), with [accompanying guidance on the model code](#) published on 8 July 2021. The Authority's Audit and Risk Committee considered the evolving draft model code at its meeting on 21 July 2020 and contributed to the consultation.
- 4.3. For the purposes of this model code, a 'councillor' means a member or co-opted member of a local authority or a directly elected mayor. A 'co-opted member' is defined in the Localism Act 2011 Section 27(4) as 'a person who is not a member of the authority but who is a member of any committee or sub-committee of the authority, or a member of, and represents the authority on, any joint committee or joint sub-committee of the authority; and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee'. 'Local authority' includes county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities.
- 4.4. The model code is intended to provide a comprehensive and consistent model for all local authorities to use, and it is therefore recommended that the Authority adopts a new Member Code of Conduct, based on the model code. Using the model code and explanatory guidance will give the Authority greater clarity on interests and other code of conduct matters, including the distinction between those interests that are DPIs defined in the Localism Act 2011 and other 'local' interests that the Authority may wish to include as declarable interests. It is also recommended that the Authority updates its Register of Interests form to this effect.
- 4.5. The new model code uses the terminology of 'disclosable pecuniary interests' (see table 1 within the model code), 'other registerable interests' (see table 2 within the model code) and 'non-registerable' interests (see paras 7-10 within the model code). If adopted, members will be expected to use this terminology when registering and disclosing interests.
- 'Disclosable pecuniary interests': The model code reiterates the legal duty to register and disclose 'disclosable pecuniary interests' and lists what these are (see table 1 within the model code).
 - 'Other registerable interests': It also confirms that councillors 'must' register a specific set of 'other registerable interests' (see table 2 within the model code).
 - 'Non-registerable interests': The model code also covers the need to disclose interests, when a matter arises at a meeting, that do not fall into either of the above categories but which directly relate to a councillor's 'financial interest or wellbeing'. The code is clear that councillors 'must' disclose this type of interest when it arises (para 7). The code sets out when this type of interest will be deemed

to have arisen (para 8) and the two tests councillors should apply when considering whether or not they should participate and vote (para 9).

- 4.6. Officers have prepared a draft new Code of Conduct for Authority members to reflect the new LGA model Code of Conduct, but incorporating paragraph 3.10 of the existing Code to enable a member owning a boat and paying a toll (outside of a business) to attend and vote on matters concerning the setting of tolls. Some terminology has also been changed to reflect the Authority's status (e.g. referring to 'member' rather than 'councillor', and 'Broads Authority executive area' rather than 'council area').
- 4.7. For members' consideration, the draft Code is at Appendix 1, with an explanatory note at Appendix 2 and a draft new Register of Interests form at Appendix 3. For reference, the Authority's current Code is at Appendix 4.
- 4.8. This report seeks the views of this committee on these draft documents, with a recommendation to the full Authority that they are adopted subject to any agreed amendments. The committee's feedback will be presented verbally at that meeting.

Author: Christopher Bing

Date of report: 12 July 2021

Appendix 1 – Revised Member Code of Conduct (based on [National LGA model code](#))

Appendix 2 – LGA model code – explanatory note (17 Dec 2020)

Appendix 3 – Revised Register of Interests form

Appendix 4 – Current Code of Conduct for Members (Nov 2018) – for reference

Broads Authority

Member Code of Conduct (draft)

July 2021

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Introduction

This Member Code of Conduct ('the Code') applies to all members and co-opted members (known collectively in this document as 'members') of the Broads Authority.

The Code is based on the Local Government Association's Model Member Code of Conduct (updated 17 May 2021) and is supported by guidance produced by the LGA. The Authority will review the Code regularly, taking note of the LGA's annual review of the model code.

Purpose

The purpose of this Code is to assist you, as a member, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow members, Authority officers and the reputation of the Broads Authority. It sets out general principles of conduct expected of all members and your specific obligations in relation to standards of conduct. The LGA encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of members and in the Authority.

The Code is not an exhaustive list of all legal obligations that fall upon members, and related protocols and guidance are referenced in the Members Handbook. These include:

- Protocol on Member and Officer Relations in the Broads Authority
- Standing Orders for the regulation of Authority proceedings
- Social Media Policy

General principles

The Code promote the highest standards of ethics and conduct, and draws upon the [Seven Principles of Public Life](#), also known as the Nolan Principles. The following general principles have been developed specifically for the role of member.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of member.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person

- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with the Authority's requirements and in the public interest.

Application of the Code of Conduct

This Code applies to you as soon as you sign your declaration of acceptance of the office of member or attend your first meeting as a co-opted member, and continues to apply to you until you cease to be a member.

This Code of Conduct applies to you when you are acting in your capacity as a member, which may include when:

- you misuse your position as a member;
- Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a member;

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a member.

The Authority's Monitoring Officer has statutory responsibility for the implementation of this Code. You are encouraged to seek their advice on any matters that may relate to the Code.

Standards of member conduct

This section sets out your obligations, which are the minimum standards of conduct required of you as a member. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

General conduct

1. Respect

As a member:

- **I treat other members and members of the public with respect.**
- **I treat Broads Authority officers and volunteers, and representatives of partner organisations, with respect, and respect the role they play.**

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a member, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in members.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the Broads Authority, the relevant social media provider or the police. This also applies to fellow members, where action could then be taken under the Code, and Authority staff, where concerns should be raised in line with the Authority's protocol on member and officer relations.

2. Bullying, harassment and discrimination

As a member:

- **I do not bully any person.**
- **I do not harass any person.**
- **I promote equalities and do not discriminate unlawfully against any person.**

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Members have a central role to play in ensuring that equality issues are integral to the Authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. Impartiality of Authority officers

As a member, I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the Authority.

Officers working for the Broads Authority must be politically neutral. They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

4. Confidentiality and access to information

As a member:

- **I do not disclose information:**
 - a. **given to me in confidence by anyone**
 - b. **acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
 - i. **I have received the consent of a person authorised to give it;**
 - ii. **I am required by law to do so;**
 - iii. **the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
 - iv. **the disclosure is:**
 - 1. **reasonable and in the public interest; and**
 - 2. **made in good faith and in compliance with the reasonable requirements of the Authority; and**
 - 3. **I have consulted the Monitoring Officer prior to its release.**
- **I do not improperly use knowledge gained solely as a result of my role as a member for the advancement of myself, my friends, my family members, my employer or my business interests.**

- **I do not prevent anyone from getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the Broads Authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a member:

I do not bring my role or the Broads Authority into disrepute.

As a member, you are trusted to make decisions on behalf of the Broads and its stakeholder interests, and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other members and/or the Authority and may lower the public's confidence in your or the Authority's ability to discharge your/its functions. For example, behaviour that is considered dishonest and/or deceitful can bring the Authority into disrepute.

You are able to hold the Authority and fellow members to account and are able to constructively challenge and express concern about decisions and processes undertaken by the Authority, while continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a member, I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the Authority provides you with certain opportunities, responsibilities, and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

7. Use of Authority resources and facilities

As a member:

- **I do not misuse Authority resources.**
- **I will, when using the resources of the Authority or authorising their use by others:**
 - a. act in accordance with the Authority's requirements; and**
 - b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the Authority or of the office to which I have been appointed.**

You may be provided with resources and facilities by the Authority to help you carry out your duties as a member. Examples include office support and access to Authority buildings and rooms. These are to be used only in carrying out your role as a member effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the Authority's own policies regarding their use.

8. Complying with the Code of Conduct

As a member:

- I undertake Code of Conduct training provided by the Broads Authority.
- I cooperate with any Code of Conduct investigation and/or determination.
- I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.
- I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a member to demonstrate high standards, have your actions open to scrutiny and not to undermine public trust in the Authority or its governance. If you do not understand, or are concerned about, the Authority's processes in handling a complaint, you should raise this with the Authority's Monitoring Officer.

Protecting your reputation and the reputation of the Broads Authority

9. Interests as a member:

As a member, I register and disclose my interests.

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the Authority.

You need to register your interests so that the public, Authority officers and fellow members know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other members when making or taking part in decisions, so that decision-making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in **Table 1**, is a criminal offence under the Localism Act 2011.

Appendix B sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from the Monitoring Officer.

10. Gifts and hospitality

As a member:

- **I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the Broads Authority or from persons who may apply to the Authority for any permission, licence or other significant advantage.**
- **I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.**
- **I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.**

In order to protect your position and the reputation of the Authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a member. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a member, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a member. If you are unsure, contact the Monitoring Officer for guidance.

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B – Registering interests

You must, within 28 days of your appointment as a member or co-opted member of the Authority, register with the Authority's Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.

"Disclosable Pecuniary Interest" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

A **'sensitive interest'** is as an interest which, if disclosed, could lead to the member, or a person connected with the member, being subject to violence or intimidation.

Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees, they will withhold the interest from the public register.

Non-participation in case of disclosable pecuniary interest

Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

Disclosure of Other Registerable Interests

Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting, but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on

the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Where a matter arises at a meeting which **affects** –

- a. your own financial interest or well-being;
- b. a financial interest or well-being of a relative or close associate; or
- c. a financial interest or wellbeing of a body included under Other Registerable Interests as set out in **Table 2**

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest, the following test should be applied.

Where a matter (referred to in paragraph 8 above) **affects** the financial interest or well-being:

- d. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- e. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

There are some subjects in relation to the Authority that, once you have declared an interest, you may nonetheless attend a meeting and vote. These include:

- Setting of tolls, where the extend of the interest is limited to owning a boat and thereby paying a toll;
- Matters relating to schools, when you are a parent, guardian or governor of a child at a different school in the area.
- An allowance, payment or indemnity given to members.

Other subject matters may apply in local government, but these are unlikely in practice to apply to members of the Authority. Please ask the Monitoring Officer for information.

To be appended:

Complaints procedure

Code of Practice for Planning Committee members and officers

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made to the member during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a member, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the member or his/her spouse or civil partner or the person with whom the member is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the relevant authority: (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the executive area of the Authority. ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the member or his/her spouse or civil partner or the person with whom the member is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.

Subject	Description
Licenses	Any licence (alone or jointly with others) to occupy land in the executive area of the Authority for a month or longer
Corporate tenancies	<p>Any tenancy where (to the member's knowledge)—</p> <p>(a) the landlord is the Authority; and</p> <p>(b) the tenant is a body that the member, or his/her spouse or civil partner or the person with whom the member is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p>
Securities	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the member's knowledge) has a place of business or land in the executive area of the Authority; and</p> <p>(b) either—</p> <ul style="list-style-type: none"> i. the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or ii. if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the member, or his/ her spouse or civil partner or the person with whom the member is living as if they were spouses/civil partners have a beneficial interest exceeds one hundredth of the total issued share capital of that class.

*'director' includes a member of the committee of management of an industrial and provident society; 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services

and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

You must register as an 'Other Registerable Interest':

- a) any unpaid directorships
- b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by the Authority
- c) any body
 - (i) exercising functions of a public nature
 - (ii) directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)of which you are a member or in a position of general control or management

(end of document)



LGA Model Member Code of Conduct

Explanatory Note

1. Introduction

- 1.1 The LGA have published their Model Code of Conduct following consultation with the sector. At the time of writing this explanatory note, the LGA have temporarily withdrawn the publication. A revised LLG note will be produced with a live link to the code of conduct once it is re-published.

2. Consultation

- 2.2 An online questionnaire was available for 10 weeks between Monday 8 June until Monday 17 August. A total of 1,463 responses were received by the LGA including members, officers, councils, stakeholder organisations and individuals.

3. Key Results from the Consultation

The LGA have published the following key results from the consultation responses they received.

- Almost all survey respondents (97 per cent) supported the proposal that councillors demonstrate the behaviours set out in the Code when they are publicly acting as, identifying as, and/or giving the impression that they are acting as a councillor, including when representing their council on official business and when using social media.
- Just over half of the survey respondents (55 per cent), thought that the code was sufficiently clear about which parts of the code are legal requirements, which are obligations, and which are guidance. A third (36 per cent) thought it was not clear while nine per cent did not know.
- Respondents were generally evenly split regarding their preference for the tense of the wording used in the code, however, there was slightly more support for the personal tense ("I will") which was chosen by 45 per cent over the passive tense ("Councillors should") (40 per cent).
- Almost all survey respondents supported each of the 12 specific obligations to either a great or a moderate extent. However, there was slightly less support for the obligation to register any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt than the others – 96 per cent compared to 99 to 100 per cent.
- Four in five survey respondents (80 per cent) thought that the concept of 'acting with civility' is sufficiently clear to a great or moderate extent. A further 12 per cent thought it was clear to a small extent while just seven per cent did not think it was clear.
- A combined total of 85 per cent of survey respondents thought the concept of 'bringing the council into disrepute' is sufficiently clear to a great or moderate extent. Nine per cent thought it was clear to a small extent while five per cent did not think it was clear.
- Most survey respondents (93 per cent) supported the definition of bullying and harassment used in the code in a local government context to a great or moderate degree while four per cent did so to a small extent.



- Respondents were evenly split about whether there was sufficient reference to the use of social media in the code, however, a slightly higher proportion of respondents (43 per cent) said no, than those who answered yes (41 per cent).
- Over four in five survey respondents (81 per cent) were in support of the code going beyond the current requirement to declare interests of the councillor and their partner to a great or moderate degree. A further eight per cent supported it to a small degree and another eight per cent did not support it at all.
- Almost all survey respondents (97 per cent) supported the proposed requirement that councillors do not accept significant gifts to a great or moderate degree. Two per cent supported it to a small degree while less than one per cent did not support it at all.
- Most survey respondents (72 per cent) supported £25 as the threshold for registering gifts and hospitality, although almost four in ten (39 per cent), felt that the amount should be reviewed annually with the code's review. Nine per cent of respondents thought that the threshold should be lower than £25 while 16 per cent felt that it should be higher.
- Respondents most commonly ranked explanatory guidance on the code as the most useful type of accompanying guidance, followed by supplementary guidance that focuses on specific areas, e.g., social media and case studies and examples of good practice.

4. Key Points from the Final Member Code of Conduct

(Numbers in brackets refer to pagination in the code of conduct)

4.1 Definitions

- 4.1.1 Councillor is defined as 'a member or co-opted member of a local authority or a directly elected mayor'.
- 4.1.2 A "co-opted member" is defined pursuant to the [Localism Act 2011 Section 27\(4\)](#)
- 4.1.3 Local Authority includes 'county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities'.

4.2 Tense

- 4.2.1 First person direct to Councillors.

4.3 Nolan Principles

- 4.3.1 Encompasses the Nolan principles. Also includes that 'public resources are used prudently in accordance with a local authority's requirements and in the public interest'.

4.3 Application of the Code

- 4.3.1 The Code applies to councillors when they are: -



- Acting in that capacity
- Representing the Council
- Claiming to act or represent
- Give the impression they are claiming to act or represent
- Refer publicly to their role
- Use knowledge obtained from their role

4.3.2 The Code specifically applies 'in electronic and social media communication, posts, statements and comments'.

4.4 Standards

4.4.1 The word **Respect** (1.1) has replaced Civility (which was originally suggested in the draft code).

4.5 Bullying, harassment and discrimination

4.5.1 There is a specific obligation to promote equalities and not to discriminate unlawfully against any person (2.3.1) with reference to the Equalities Act.

4.6 Impartiality

4.6.1 Councillors must not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority (3.1)

4.7 Confidentiality

4.7.1 Councillors must not disclose information they have received which they believe or ought reasonably to be aware is of a confidential nature (4.1a&b).

4.7.2 Disclosure in the public interest and in good faith is allowed provided the councillor has consulted the Monitoring Officer prior to its release (4.1iv1,2&3)

4.8 Disrepute

4.8.1 Councillors must not bring their role or authority into disrepute ((5.1).

4.9 Use of Position

4.9.1 Councillors must not use their position improperly to their advantage or disadvantage (6.1).

4.10 Use of Council Resources

4.10.1 Councillors must ensure that resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or their office (7.2b).

4.11 Compliance

4.11.1 Councillors must commit to undertaking code of conduct training (8.1), cooperate with investigations (8.2) and comply with sanctions (8.4).



4.12 Reputation

4.12.1 Declarations of interest must be registered and declared (9.1). Detailed provisions are contained within Appendix B. The code states 'If in doubt, you should always seek advice from your Monitoring Officer'.

4.13 Appendix B

4.13.1 Registration of interests required are those which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests) of the code.

4.13.2 Declaring Interests and Meeting Participation

- Disclosable Pecuniary Interests: -
Councillors must declare, not participate, or vote and leave the room (subject to dispensation)
- Other Registrable Interests: -
Councillors must declare, only speak if the public are allowed to speak, not participate in the discussion or vote and leave the room (subject to dispensation).
- Non-Disclosable Pecuniary Interest Directly Relating to Finance or Well-Being of Councillors or Relative or Close Associate: -
Councillors must declare, only speak if the public are allowed to speak, not participate in the discussion or vote and leave the room (subject to dispensation).

4.13.3 Table 1- Pecuniary Interests

Sets out an explanation of Pecuniary Interests and includes: -

- Employment or Trade
- Sponsorship
- Contracts (including partners lived with)
- Land or Property (including partners lived with)
- Licences
- Corporate Tenancies (including partners lived with)
- Securities (including partners lived with)

(Note a director includes a member of the committee of management of an industrial and provident society).

4.13.4 Table 2- Other Registerable Interests

Sets out an explanation of Other Registrable Interests in respect of bodies to which councillors are appointed or nominated to by the council and includes: -

- exercising functions of a public nature



- directed to charitable purposes; or
- one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management.

4.14 Gifts & Hospitality

4.14.1 Councillors receiving gifts or hospitality with a value of £50 or more must register these with the Monitoring Officer within 28 days (10.2). Any significant gift or hospitality refused must also be registered with the Monitoring Officer (10.3) (*note no timescale is placed against refused gifts*).

4.15 The LGA has committed to reviewing the Code on an annual basis to ensure it is still fit for purpose.

5. **Committee on Standards In Public Life (CSPL) Recommendations**

5.2 It is accepted that many of the recommendations made by the CSPL would require changes to the law. However, the following is noted: -

- Despite the Draft Member Code of Conduct including a bar on attending committees for up to 2 months as a sanction, the published code **contains no reference to a sanction of any kind**.
- Therefore, there is no power to suspend councillors, without allowances, for up to six months
- There is no reference to a role for the Local Government Ombudsman
- There is no discretionary power to establish a decision-making standards committee with voting independent members and voting members from dependent parishes
- There is no mention of an independent person.
- The code does not reference section 31 Localism Act 2011 (but it gives a nod towards it)
- Gifts and Hospitality has risen from the proposed £25 to £50 recommended by the CSPL
- There is some support evidenced for a change to the authorities for Disclosable Pecuniary Interests but only where a member is nominated or appointed by the council
- Broadly the Code encompasses the CSPL recommendation when a member is acting in an official capacity which includes reference to social media but this does require a change of legislation to engage presumption ((s27)(2) Localism Act 2011)

Register of Interests form

Member: **type name here**

As a member of the Broads Authority, these are the interests which you are required to register with the Authority by section 30 of the [Localism Act 2011](#).

Register of interests must be declared:

- **within 28 days of becoming a member; and**
- **within 28 days of becoming aware of any new interest, or of any change to a registered interest.**

Failure to register or disclose a disclosable pecuniary interest is a criminal offence under the Localism Act 2011.

Where you have a **‘sensitive interest’** you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees, they will withhold the interest from the public register. A ‘sensitive interest’ is as an interest which, if disclosed, could lead to the member, or a person connected with the member, being subject to violence or intimidation.

‘Disclosable Pecuniary Interest’ means an interest of yourself or of your partner if you are aware of your partner’s interest.

‘Partner’ means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

Please see the Broads Authority Member Code of Conduct and guidance notes for further information.

In accordance with Chapter 7 of Part 1 of the Localism Act 2011

Subject	Description	Details of member's interest
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.	
Sponsorship	Any payment or provision of any other financial benefit (other than from the Authority) made to the member during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a member, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.	
Contracts	Any contract made between the member or his/her spouse or civil partner or the person with whom the member is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director or a body that such person has a beneficial interest in the securities of) and the Authority (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.	
Land and property	Any beneficial interest in land which is within the area of the Authority.	

Subject	Description	Details of member's interest
	'Land' excludes an easement, servitude, interest or right in or over land which does not give the member or his/her partner a right to occupy or to receive income.	
Licenses	Any licence (alone or jointly with others) to occupy land in the area of the Authority for a month or longer.	
Corporate tenancies	Any tenancy where (to the member's knowledge) (a) The landlord is the Authority; and (b) The tenant is a body that the member, or his/her partner is a partner of or a director of or has a beneficial interest in the securities of.	
Securities	Any beneficial interest in securities of a body where (a) That body (to the member's knowledge) has a place of business or land in the area of the Authority; and (b) Either i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or ii. If the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the member, or his/her partner have a beneficial interest	

Subject	Description	Details of member's interest
	exceeds one hundredth of the total issued share capital of that class.	
Any other interests	<p>You must register as an 'Other Registerable Interest':</p> <ul style="list-style-type: none"> (a) any unpaid directorships (b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority (c) any body <ul style="list-style-type: none"> a. exercising functions of a public nature b. directed to charitable purposes or c. one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) <p>of which you are a member or in a position of general control or management.</p>	
Gifts and hospitality I have received a gift or hospitality worth £50 or over from the following persons or bodies or other organisations	<p>This section only applies to gifts or hospitality received in your capacity as a member of the Authority.</p> <p>You do not have to specify the nature or value of the gift or hospitality but you may do so if you wish.</p> <p>If you are not sure of the value of the gift or hospitality, please estimate it.</p> <p>Also, you should register an accumulation of small gifts from the same source over a short period which add up to £25 or over.</p>	

Subject	Description	Details of member's interest
Toll paying	Annotate if you are a toll payer.	

Member signature:

Date:

Received by the Broads Authority:

Date:



Code of Conduct for Members and Complaints Procedure

November 2018

Version 2.2

Updated 23.11.18

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Introduction and Overview

- 1.1 This revised Code of Conduct for Members (“the Code”) adopted on 30th September 2016 sets out the conduct which is expected of members and co-opted members (“Members”) of the Broads Authority (“the Authority”) when they are acting in that capacity, as required by section 27 of the Localism Act 2011.
- 1.2 The Nolan Report set out the seven Principles of Public Life, which are incorporated into the Code as required by section 28 Localism Act 2011. The Authority also has a statutory duty under section 27 of the Act to promote and maintain high standards of ethics and conduct by its Members.
- 1.3 Members will be offered training on the Code whether by the Monitoring Officer or from a representative body and the Authority expects all Members to take advantage of such training, including refresher courses, to ensure that they are fully aware of the provisions of the Code and the standards expected of them in public.
- 1.4 Members are also urged to avail themselves of the Local Resolution Procedure under the Code for dealing with Member versus Member complaints and other disagreements and to ensure the effective use of the Authority’s resources. The aim of Local Resolution is to resolve matters at an early stage so as to avoid the unnecessary escalation of the situation which may damage personal relationships within the Authority and the Authority’s reputation.
- 1.5 The following pages set out the Code and guidance and it is intended to be consistent with the seven principles. It is also not an exhaustive list of all legal obligations, which fall upon Members and does not discharge members from their duty to ensure that at all times they act within the seven principles attached to the Code. The Authority also has its core values, which Members are asked to observe and follow. These are set out in section 2.
- 1.6 Members must ensure that they take appropriate action in relation to any Disclosable Pecuniary Interest. Failure to do so may result in a criminal conviction and a fine of up to £5,000 and/or disqualification from office for a period of up to 5 years.
- 1.7 Members should comply with the Code whenever they are acting in their official capacity as a Member including at full meetings, committee meetings and sub-committee meetings. The Code also applies to Members’ dealings with each other, with outside bodies, briefing meetings with officers, site visits, use of social media and in communication with the Authority, other than in a private capacity.
- 1.8 Freedom of expression is a right, which applies to all Members of the Authority. A Member’s freedom of expression attracts enhanced protection where the comments are political in nature. The criticism of opposing ideas

and opinion is considered to be part of democratic debate and it is unlikely that such comments would amount to a breach of the Code. Comments that breach the principle in paragraph 2.8 below may, in contrast, be a potential breach of the Code.

- 1.9 Members' attention is drawn to the Protocol on Member and Officer Relations in the Broads Authority, which sets out expectations of Members' conduct towards staff. The Authority has a Staff Code of Conduct for its staff which includes guidance on staff relations with Members, including on social media.
- 1.10 Members' attention is also drawn to the Authority's Standing Orders, which includes guidance on conduct within meetings of the Authority and its committees, including sanctions for disorderly conduct by Members within such meetings.
- 1.11 The Authority adopted in July 2017 Social Media Guidance for Members and Officers ¹.

2 Principles of Conduct and Core Values

Principles of Conduct

2.1 The Code promotes the highest standards of ethics and conduct and draws upon the Nolan principles of conduct as follows:

2.2 **Selflessness**

Members must act solely in the public interest. They must never use their position as Members improperly to confer an advantage on, or to avoid a disadvantage for, themselves or improperly to confer an advantage or disadvantage on others.

2.3 **Integrity and propriety**

Members must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. Members should not act or take decisions in order to gain financial or other material benefits for themselves, their families or friends. Members must declare and resolve any interests and relationships.

Note: Members should avoid putting Authority staff in breach of their own Code of Conduct, such as adding them as friends on social media platforms such as “Facebook”. Members should familiarise themselves with the Protocol on Member and Officer Relations in the Authority.

2.4 **Objectivity in decision making**

In carrying out their responsibilities including making appointments, awarding contracts, or recommending individuals for rewards or benefits, Members must make decisions on merit. Whilst Members must have regard to the professional advice of officers and may properly take account of the views of others, it is their responsibility to decide what view to take and, if appropriate how to vote on any issue.

2.5 **Accountability**

Members are accountable to the public generally for their actions and for the way they carry out their responsibilities as a Member. They must be prepared to submit themselves to such public scrutiny as is appropriate to their responsibilities.

2.6 **Openness**

Members must be as open as possible about all their actions and those of the Authority. They must seek to ensure that disclosure of information is restricted only in accordance with the law. Members should be transparent through being prepared to give reasons for their decisions and actions.

2.7 **Honesty**

Members must declare any private interests relevant to their public duties and take steps to resolve any conflict in a way that protects the public interest. Interests must be registered and declared in a manner which conforms to the procedures set out below.

2.8 Leadership

Members must promote and support these principles by leadership and example so as to promote public confidence in their role and in the Authority. They must respect the impartiality and integrity of the Authority's statutory officers and its other employees. Members should be willing to support the Code and willing to challenge poor behaviour whenever it occurs.

Note: The Protocol on Member and Officer Relations section 3 provides that officers can expect from Members leadership and that they take responsibilities for decisions made by the Authority and for defending them publicly.

2.9 Stewardship

In discharging their duties and responsibilities, Members must ensure that the Authority's resources are used both lawfully and prudently. They must ensure that the Authority's resources are not used improperly for political purposes (which include any party political purposes). Expenses must be claimed in accordance with the Authority's guidance and supported by receipts, and claimed reasonably promptly.

2.10 Confidentiality

Members must not disclose any information given to them which should reasonably be regarded to be of a confidential nature, including items discussed in the confidential sections of meetings. This duty of non-disclosure may no longer apply where either the consent of the person authorised to give it has been obtained, or there is a legal requirement to disclose. If in doubt, Members are encouraged to seek the views of the Monitoring Officer.

Note: The Protocol on Member and Officer Relations in the Broads Authority section 8 on Disclosure of Information by Members sets out the procedure in relation to disclosure of confidential information, which involves 72 hours prior notification in advance to the Chief Executive or Monitoring Officer. The Information Commissioner has issued helpful guidance on the Freedom of Information Act and General Data Protection Act which is available on the ICO website www.ico.gov.uk or by calling 0303 123 1113.

2.11 Equality and respect

Members must treat others with respect and promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their sex, race, age, religion, gender, sexual orientation or disability. Members should respect the impartiality and integrity of the Authority's statutory officers and its other employees.

Note: The Protocol on Member and Officer Relations sets out in detail the roles and responsibilities and the working relationships between Members and officers. Section 3 sets out expectations that each can expect from the other respect and courtesy and the highest standards of integrity.

Core Values

- 2.12 In addition to the principles of conduct, Members should, so far as possible, reflect the Authority's Core Values, which have been drawn up by the Authority's staff and adopted by the Authority:
- 2.13 **Commitment** – We are committed to making a difference to the Broads for the benefit of all and we will have the courage of our convictions when faced with difficult decisions.
- 2.14 **Caring** – We are considerate and respectful of each other, working together to provide the best service we can.
- 2.15 **Open and honest** – We are open, honest and inclusive in our communication and in making decisions. We are approachable and available, reaching out to all groups.
- 2.16 **Sustainable** – We take the long-term view, are passionate about our environment and its ability to provide for a vibrant local economy and the well-being of local people.
- 2.17 **Exemplary** – We strive for excellence in all we do. We are ambitious, innovative and lead by example

3 Registering and declaring disclosable pecuniary and other non-pecuniary registrable interests and gifts

- 3.1 A Member must within 28 days of taking office as a Member notify the Monitoring Officer of any disclosable pecuniary interest as defined by regulations made by the Secretary of State. This applies whether that interest is their own, their spouse's or civil partner's, or is the interest of someone with whom they are living with as a husband or wife, or as if they were civil partners. The interest will be included in the Authority's register of interests (a copy of which is available for public inspection and published on its web site).
- 3.2 In addition to 3.1, Members must within 28 days of taking office as a Member notify the Monitoring Officer of any disclosable pecuniary or non-pecuniary interest which the Authority has decided should be included in the register.
- 3.3 If an interest above has not been notified or entered in the register, then the Member must disclose the interest to any meeting of the Authority at which they are present, where they have disclosable interest in any matter being considered and where the matter is not a "sensitive interest" as described in the Localism Act 2011. In relation to sensitive interests, which include any concern that disclosure might lead to the Member being subject to violence or intimidation, Members should speak to the Monitoring Officer, who may agree to exclude details from any publicly available version of the register of interests.
- 3.4 Following disclosure of an interest not on the Authority's register or the subject of pending notification, Members must notify the Monitoring Officer of the interest within 28 days beginning with the date of disclosure.
- 3.5 Unless dispensation has been granted, a Member may not participate in any discussion of, vote on, or discharge any function related to any matter in which they have a pecuniary interest as set out in 3.1 above. In addition a Member must observe the restrictions the Authority places on their involvement in matters where they have a pecuniary or non-pecuniary interest as defined by the Authority.

Disclosure of interests at meetings

- 3.6 Where an interest described above or in the following paragraph in any business of the Authority has been declared and, where a Member is aware or ought reasonably to be aware of the existence of that interest and they attend a meeting of the Authority at which the business is considered, the Member must disclose to that meeting the existence and nature of that interest at the commencement of its consideration. If not apparent in advance from any agenda, as soon as the interest becomes apparent as being relevant to the business under consideration a Member must immediately declare it.
- 3.7 Members have a personal interest in any business of the Authority where a decision in relation to that business might reasonably be regarded as affecting their well-being or financial position or the well-being or financial position of a

member of their family or any person with whom they have a close relationship to a greater extent than the majority of other Toll payers or inhabitants of the Authority's geographical area or "National Park area", as the case may be, affected by the decision.

Non-participation in the case of other prejudicial interest

- 3.8 Where Members have a personal interest (as set out in 3.7 above) they will also have a prejudicial interest, if the following also applies. That is, on an objective analysis, Members' judgement of the public interest would be affected through their financial position or that of a person or body which has been, or should have been, notified in the register of interest by the Member. The test to be applied is whether a member of the public with knowledge of the facts would reasonably regard the pecuniary interest as so significant that it would prejudice the Member's judgment.
- 3.9 Where there is such a prejudicial interest, the Member must not participate in any discussion of, vote on or discharge any function related to such prejudicial interest. An application may be made for special dispensation from the Authority in relation to this and the Member must observe any restrictions placed by the Authority in such circumstances.
- 3.10 There are some subject areas in relation to the Authority which, once an interest has been disclosed, a Member may nonetheless attend a meeting and vote. These include:
- Setting of Tolls, where the extent of the interest is limited to owning a boat and thereby paying a Toll.
 - Matters relating to schools, when the Member is a parent, guardian or governor of a child at a different school in the area. These include school meals, school transport and expenses.
 - An allowance, payment or indemnity given to Members
- 3.11 There are other subject areas which may apply in local government, but it is considered that these are unlikely in practice to apply to Members of the Authority. Please ask your Monitoring Officer for further information.

Gifts and hospitality

- 3.12 Members must declare all gifts, benefits or hospitality with a value of over £25. Members may also, if they wish declare those with a value below this level. The Monitoring officer will enter details of the gift on a public register of gifts and hospitality.

4 Complaints Procedure

- 4.1 The Localism Act provides that, where there are complaints of misconduct, the Authority must have in place arrangements under which allegations can be investigated and arrangements under which decisions on allegations can be made. The following procedure applies to complaints made against a Member by another Member, or by officers or any other person.
- 4.2 In relation to officers, a complaint should be after consultation with their Director and may be made in relation to a breach of the Protocol on Member and Officer Relations.

Making a complaint

- 4.3 The complaint should be made to the Monitoring Officer in writing or by e-mail. The address is:

Monitoring Officer, Broads Authority, Yare House, 62-64 Thorpe Road,
Norwich NR1 1RY

E-mail address: monitoring.officer@broads-authority.gov.uk

- 4.4 A copy of the complaint form, which should be used for all complaints, is attached at Appendix 1. This form should also be used for making a complaint under the Local Resolution Procedure. Completion of a Complaint Monitoring Form at Appendix 1a is also requested, but is not compulsory. Complaints should be made within 3 calendar months of the matter complained of, unless the complainant can provide a good reason for not having done so.
- 4.5 In order to make a complaint, a Member will need to have reasonable belief that there has been a breach of the Code. In order to have a reasonable belief that a breach has occurred, there will need to be direct evidence which supports the complaint. Members should consult the Monitoring Officer for advice if they are in doubt. Where the breach is a very minor or technical one, or where there is no clear evidence that a breach occurred, the Monitoring Officer may advise Member of the likely threshold and suggest that the matter might be more appropriately dealt with through the Authority's Local Resolution Process.
- 4.6 Once received a complaint will be acknowledged by the Monitoring Officer within five working days.

Confidentiality

- 4.7 As a matter of fairness and natural justice the subject Member should usually be told who has complained about them and received details of the complaint. However, in exceptional circumstances, the Monitoring Officer may withhold the complainant's identity if on request they are satisfied that the complainant has reasonable grounds for believing that they or any witness relevant to the complaint may be at risk of physical harm, or his or her employment may be jeopardised if their identity is disclosed, or where there are medical risks

(supported by medical evidence) associated with the complainant's identity being disclosed.

- 4.8 If a request for confidentiality is refused, the Monitoring Officer will explain the reason and give the complainant the option to withdraw the complaint, rather than proceed with his or her identity being disclosed.
- 4.9 The complaint will be acknowledged and the subject Member will be informed that a complaint has been made about him or her. Such notification will state that the complaint has been made; the name of the complainant (unless the complainant has requested confidentiality and this is being upheld, brief details of the complaint and the paragraphs of the Code which may have been breached. In very limited situations, the subject of the complaint may not be notified, in which case the Monitoring Officer will record his reason. Such situations may be where it is not reasonably possible to identify who the subject of the complaint might be.
- 4.10 Where specific details of complaints are passed to the local press and media, or posted on social media, this may prejudice an investigation and may also be a breach of the Code. Well-founded breaches of the Code should be reported to the Monitoring Officer and Members making allegations should not generate publicity in advance of the outcome of the complaint.

Initial Assessment

- 4.11 In determining whether to investigate a complaint, the Monitoring Officer will adopt a three-stage process, all in consultation with an Independent Person. At each stage the Monitoring Officer may request further clarification or documentation from the complainant, without this forming part of any investigation.

Stage 1 – The Monitoring Officer will decide whether the complaint is within the Authority's jurisdiction or "capacity", which will include consideration of the paragraphs of the Code to which the complaint might relate. If there is no jurisdiction then the complainant will be informed that the complaint will not be considered further.

Stage 2 - The Monitoring Officer will decide whether there is direct evidence that a breach took place. The level of proof will be on the balance of probabilities, that is to say, whether it is more likely than not. If there is no direct evidence, or if the complaint is considered to be vexatious (see paragraphs 4.20 and 4.21 below), or the matters complained of took place more than 3 months ago and there is no satisfactory explanation for the delay provided, then the complaint will be dismissed.

Stage 3 – The Monitoring Officer will decide whether the complaint is suitable to be dealt with within the Local Resolution Procedure, or whether it should be the subject of a full investigation. The criteria which will be used for this analysis are set out in Appendix 2.

Local Resolution Procedure

- 4.12 The Local Resolution Procedure is a process for low-level complaints including those made by one Member against another.
- 4.13 If the Monitoring Officer, in consultation with the Independent Person, decides to refer the matter to local resolution, then the complainant will be informed within 5 working days and the Local Resolution Procedure shall then apply (see section 5 below).
- 4.14 The criteria for referring the matter to the Local Resolution Procedure will include the following:
- Complaints that one member has failed to show respect and consideration for others
 - Complaints that one Member has made vexatious, malicious or frivolous complaints towards another.
 - Other low-level complaints which in the opinion of the Monitoring Officer, following consultation with an Independent Person, are suitable for informal resolution.

Formal Investigation

- 4.15 If the matter is to be fully investigated, as opposed to being dismissed or referred to the Local Resolution procedure, the Monitoring Officer will appoint an Investigating Officer who will prepare an initial report and recommendation. An Investigating Officer may be an officer or solicitor of another authority or a person independent of local government. When appointing the Investigating Officer, the Monitoring Officer will write to the relevant parties informing them that the matter is to be fully investigated and informing them who will be responsible for conducting the investigation. The Monitoring Officer should give an indication as to likely timescale for the completion of the investigation, which should be within 28 days. Referring a matter for investigation does not mean that there have been any findings of fact. It simply means that the alleged conduct, if proved, may amount to a failure to comply with the Code and that some action should be taken in response to the complaint.
- 4.16 A draft report will be sent by the Investigating Officer to the parties for them to comment on prior to the Monitoring Officer receiving the final version.
- 4.17 The Monitoring Officer will consider the recommendation of the Investigating Officer's report. If the recommendation is that there has been no breach of the Code, the Monitoring Officer will consult the Independent Person. If having taken into account the views of the Independent Person the Monitoring Officer approves the recommendation of the report then the Monitoring Officer will write to the complainant and the Member concerned to inform them that there will be no further action. This will normally be undertaken within 10 working days of the receipt of the report. The Monitoring Officer will give reasons for the decision. There is no appeal or review of that decision by the Authority or any other person.

- 4.18 If the investigation concludes that there is evidence of a breach of the Code then the Monitoring Officer will consult the Independent Person and make a decision either to:
- (a) resolve the matter without the need for a hearing. That may include the application of those sanctions limited to those set out in paragraph 4.30 below. The Monitoring Officer will write to the complainant and the member concerned to inform them of the decision. The Monitoring Officer will give reasons for the decision. There is no appeal or review of that decision by the Authority or any other person; or
 - (b) convene a meeting of the Authority's Hearings Committee, to hear the matter.
- 4.19 In exceptional circumstances it may be considered by the Monitoring Officer and Independent Person that the Chair of the Authority should be invited to consider whether the member should be asked to withdraw from Authority duties pending the outcome of the Hearings Committee. There will need to be reasonable grounds for the belief that such a step is in the interests of the subject Member or the Authority.

Frivolous and Vexatious Complaints

- 4.20 Complaints made against other Members or officers or people working on behalf of the Authority must be based upon fact and not motivated by malice or by political rivalry. Members should avoid making complaints which have little or no substance or where the evidence of any breach is weak or non-existent. Such complaints may be dismissed at the initial assessment stage. In the case of doubt as to whether a threshold has been met, advice should be sought from the Monitoring Officer. The making of frivolous or vexatious complaints may be conduct which will be considered a breach of the Code and dealt with under the Local Resolution Procedure.
- 4.21 Guidance on what circumstances may lead to a determination that a complaint is frivolous or vexatious are set out in Appendix 3. 3.

Local Resolution Procedure

- 4.22 The Authority has adopted this Local Resolution Procedure in order to promote and maintain high standards of conduct amongst members. It is intended to assist in the swift resolution of issues, so as to avoid the unnecessary escalation of the situation which may damage personal relationships within the Authority and the Authority's reputation. This procedure is also intended to resolve matters on an informal basis, where this is appropriate.
- 4.23 For informal resolution of a problem involving a member identified or reported to the Chair, Chief Executive or Monitoring Officer (where a formal complaint has not been made) the request will be passed on to the Chair and Vice-Chair (in the event they are not the original recipient). Confidential meetings will then be arranged between relevant parties with the Chair and Vice-Chair to engage in the process and seek a resolution to the issues raised. Any meetings may take place at the Authority's offices or other locations as is convenient. The process will be confidential and without prejudice to the parties involved to bring a formal complaint if the matter is not resolved. In the event that the matter is not resolved the content of the discussions shall not be referred to in any subsequent complaint. There is no power for any matter referred under the informal process to be subject to any sanction under the Code of Conduct. ³.
- 4.24 Complaints may be dealt with under this procedure as follows. Anyone who wishes to submit an allegation under this procedure should send the complaint (in the case of an officer following consultation with their Director) to the Monitoring Officer. Additionally, the Monitoring Officer may have referred a complaint to this procedure following consultation with an Independent Person. Following receipt of the complaint, or referral, the Monitoring Officer will act as follows:

Stage 1

- 4.25 The Monitoring Officer will undertake a brief preliminary investigation to establish the facts and the areas of dispute. Possible resolutions will be canvassed with the complainant and then the Member about whom the complaint has been made.
- 4.26 Then Monitoring Officer will also consider, following this, whether another course of action or more formal investigation, is more appropriate.

Stage2

- 4.27 A mediation meeting will be held between the person making the complaint, the Member against whom the complaint is made, the Monitoring Officer and (if considered appropriate) other persons invited by the Monitoring Officer. Such persons may include an Independent Person, the Chief Executive, Chair of the Authority, political group leader, or in the case of a complaint being made by an officer a companion or Director. The meeting may commence

with the parties in separate rooms and the Monitoring Officer acting as a mediator. The purpose of the meeting will be to try and resolve the matter without it going further.

Stage 3

- 4.28 If the matter is not resolved at stage two and the complainant wishes to proceed with it, the matter will be referred to a local resolution hearing before the Hearings Committee (see section 6 below in relation to the constitution of the Hearings Committee). The person making the complaint will be asked to submit a statement in writing within 14 days and the member complained against will respond within 14 days. Either party may submit a statement from a witness.
- 4.29 Within 28 days of the written evidence a hearing will be set before the Hearings Committee. Any party may have at their own expense a companion or representative, provided that in the case of representation the Monitoring Officer and other party have been given 21 days' notice to this effect. Evidence will be limited to the contents of the statements. If any party does not attend, the hearing will proceed in their absence. The Monitoring officer will be available to advise the committee. After hearing oral evidence, the Hearings Committee will come to a conclusion on the allegation, which will be notified to the parties.
- 4.30 The possible outcomes to a hearing under the Local Resolution Procedure are:
- A finding that the matter does not warrant any further action to be taken
 - A recommendation to the Monitoring Officer that there be a change to procedures or that more formal investigation action be taken
 - A finding that the complaint be recorded by the Monitoring Officer as vexatious
 - A finding that the complaint is upheld, but no further action is required
 - A finding that the complaint is upheld and that the Member should be censured
- 4.31 Unless the complaint has been upheld, publicity will not be given to the names of the parties. The hearing before the Hearings Committee will be confidential.

3. Paragraph inserted 12.07.18

5 Hearings Procedure

- 5.1 If a hearing is required, the Monitoring Officer will write to the subject Member proposing a date for the hearing. This date will normally be within six weeks of the investigation report and will be before the Hearings Committee. The Hearings Committee shall be constituted in accordance with Part B of the Authority's Standing Orders and shall have a quorum of three Members.
- 5.2 The Monitoring Officer will outline the hearing procedure, the Member's rights and ask for a written response from the Member within a set time to establish whether:
- the Member wishes to attend the hearing
 - the Member disagrees with any of the findings of fact in the investigation report and if so which findings and the reason for disagreement
 - the Member wishes to give oral evidence, or rely on written submissions
 - witnesses will be called by the Member to give evidence (there is no power on the part of the Authority to compel attendance by a witness)
 - they wish any part of the hearing to be in private
 - they wish any part of the investigation report or other documents to be withheld from the public
- 5.3 In complex cases, if the Monitoring Officer considers that a preliminary hearing is necessary to consider the matters in 5.2, they shall convene one.
- 5.4 Any party may have at their own expense a companion or representative, provided that in the case of representation the Monitoring Officer and other party have been given 21 days' notice to this effect.
- 5.5 The parties and the Hearing Committee will be sent a full bundle of documents for the hearing at least 5 days prior to the hearing.

Procedure at hearing

- 5.6 The procedure at the hearing will be in accordance with a procedure to be determined by the Monitoring Officer. It will usually adopt the following procedure
- The Investigating Officer will present his/her report to the Hearing Committee
 - The Investigating Officer will be questioned on the report by any party and by the Hearings Committee
 - Evidence will be given with questions being asked by any party and by the Hearings Committee. The order will be the complainant first, then the Member the subject of the complaint and then any witnesses in such order as the Hearings Committee decides appropriate
 - The Hearings Committee will withdraw to consider their decision, with the outcome notified by the Chair. The decision will be confirmed in a

Decision Notice which will be sent to the parties within 5 working days of the hearing.

- 5.7 If the Hearings Committee concludes that there has been no breach of the Code, there will be no further action. There is no appeal or review of that decision by the Authority or any other person. The Hearings Committee will give reasons for its decision.
- 5.8 If the Hearings Committee concludes that the Member the subject of the complaint has failed to comply with the Code, then the Authority has delegated its powers to make such sanction as it considers it to be appropriate and proportionate in order to promote and maintain high standards.

Sanctions

- 5.9 These sanctions may include any of the following:
- A request that the Member submit a written apology in a form specified by the Hearings Committee
 - A request that the Member undertake specified training
 - A request that the Member participates in such conciliation as may be specified
 - A requirement that the Member deals with Authority business through one specified point of contact
 - Placing such restrictions on Members access to staff which may be reasonable in the circumstances and in accordance with the Protocol on Member and Officer relations, providing that such restrictions do not prevent the Member from carrying out their duties
 - A requirement that the Member does not attend at the Authority's offices, unless attending statutory meetings
 - Reporting the Member to his/her County or District Council, Secretary of State as appropriate and reporting the matter to a full meeting of the Authority
 - Reporting the matter to a full meeting of the Authority with a recommendation that the Member has any privileges to which they are entitled removed or that they be removed from any appointment made by the Authority to any external body
 - Reporting the matter to a full meeting of the Authority with a recommendation that the Member be removed from any committee to which they are currently appointed.
 - No sanction

Publication of findings

- 5.10 A summary of the complaint and findings will be reported to a full meeting of the Authority, for their information.



Members' Code of Conduct Complaint Form

To be used if you wish to make a complaint that a Member or co-opted Member of the Authority, has failed to comply with the Members' Code of Conduct.

If English is not your first language, please contact us if you require help to complete this form.

Your details

1. Please provide us with your name and contact details

Title:	
First Name:	
Last Name:	
Address:	
Daytime telephone:	
Evening telephone:	
Mobile telephone:	
Email address:	

We will only use the information you provide to us for the purposes of processing your complaint. Your information, including any personal information you provide to us (such as name and contact details) may be shared with the people referred to below, or with other relevant authorities as required, only for the purposes of processing your complaint.

All comments and complaints are treated confidentially and will not disadvantage you in any future dealings with Broads Authority. It may not always be possible to keep your details confidential, such as where your complaint is about a third party or where particular legislation applies to your complaint.

We will tell the following people about this complaint:

- The Member(s) you are complaining about
- The Monitoring Officer to the Authority
- The Authority's Independent Person
- The Chair of the Authority
- The Chief Executive of the Authority

If you have serious concerns about your name and details of your complaint being released, please complete **section 6** of this form.

2. Please tell us which complainant type best describes you:

<input type="checkbox"/>	Member of the public
<input type="checkbox"/>	A Member or co-opted Member of an authority
<input type="checkbox"/>	Member of Parliament
<input type="checkbox"/>	Local authority monitoring officer
<input type="checkbox"/>	Broads Authority employee or volunteer
<input type="checkbox"/>	Other (please provide details)

Making your complaint

- 3.** Once you have submitted your complaint, it will be considered by the Monitoring Officer of the Authority and after reasonable consultation with the Authority's Independent Person, who will assess, on the basis of your written submission and any additional relevant material, whether the alleged conduct might amount to a failure to comply with the Members' Code of Conduct.

The Monitoring Officer has the following range of options available to him/her: Formal Investigation (which will involve an investigation of the complaint), referral to the Authority's Local Resolution Procedure or no further action, for instance if it is considered that any failure to comply with the Code of Conduct is of a trivial nature.

- 4.** Please provide us with the name of the Member(s) you believe have breached the Broads Authority Members' Code of Conduct and, where the Member is also a Councillor, the name of their authority.

Title	First Name	Last Name	Authority Name

5. Please explain in this section (or on separate sheets) what the Member has done that you believe breached the Members' Code of Conduct. If you are complaining about more than one Member you should clearly explain what each individual person has done that you believe breached the Code of Conduct.

A copy of the Authority's Members' Code of Conduct can be found on the Broads Authority website at <http://www.broads-authority.gov.uk/>

Alternatively, a paper copy can be obtained from the Monitoring Officer to the Authority by writing to:

Monitoring Officer, Broads Authority, Yare House, 62-64 Thorpe Road,
Norwich, Norfolk. NR11RY

- You should be specific, wherever possible; about exactly what you are alleging the Member said or did. For instance, instead of writing that the Member insulted you, you should state what it was they said.
- You should provide the dates of the alleged incidents wherever possible. If you cannot provide exact dates it is important to give a general timeframe.
- You should confirm whether there are any witnesses to the alleged conduct and provide their names and contact details if possible.
- You should provide any relevant background information.
- You should tick the box to confirm that the facts set out are true

Please provide us with the details of your complaint and the outcome from this complaints process that you would like to see happen. Continue on a separate sheet if there is not enough space on this form.

Do you wish your complaint to be dealt with under the Authority's Local Resolution Procedure?

Yes/No

If you answered No, please briefly explain your reason:

☐ I confirm by ticking this box and sending this form that the facts I have set out in my complaint are true

Date:

Only complete this next section if you are requesting that your identity is kept confidential.

6. In the interests of fairness and natural justice, we believe Members who are complained about have a right to know who has made the complaint. We also believe they have a right to be provided with a summary of the complaint. We are unlikely to withhold your identity or details of your complaint unless you have good reason to justify the Authority doing so.

Please note that requests for confidentiality or requests for suppression of complaint details will not automatically be granted. The Monitoring Officer to the Authority, in consultation with the Authority's Independent Person, will consider the request alongside the substance of your complaint. We will then

contact you with the decision. If your request for confidentiality is not granted, we will usually allow you the option of withdrawing your complaint.

However, it is important to understand that in certain exceptional circumstances where the matter complained about is very serious, we can proceed with an investigation or other action and disclose your name even if you have expressly asked us not to.

Please provide us with details of why you believe we should withhold your name and/or the details of your complaint:

Additional Help

7. Complaints must be submitted in writing. This includes electronic submissions. However, in line with the requirements of equalities legislation, we can make reasonable adjustments to assist you if you have a disability that prevents you from making your complaint in writing.

If you need support in completing this form, please let us know as soon as possible.

This complaint should be submitted to the Monitoring Officer to the Authority, by sending to the following contact addresses:

By post to: Monitoring Officer, Broads Authority, Yare House, 62-64 Thorpe Road, Norwich, Norfolk. NR11RY

Or by e-mail to: monitoring.officer@broads-authority.gov.uk

Privacy and Data processing ⁵.

8. The Authority will process any personal information in line with the Data Protection Act 2018 and the EU General Data Protection Regulation.

Information you provide to us on this form will be shared with certain individuals who undertake roles within the complaints process, including the subject Member, Independent Person, Investigating Officer (who may be external to the Authority) and members of the Hearings Committee.

You also acknowledge by making your complaint that personal information which you give us may be placed in the public domain should the matter proceed to a hearing.

The basis of processing will be that of public task i.e. tasks carried out by the Authority in the public interest or power vested in the Authority.

Your information will be retained for 7 years following the outcome of your complaint or last action taken in relation to it. We will process your data in accordance with Data Protection Principles using appropriate technical and organisational measures.

Broads Authority is the Data Controller in relation to your data. It has a Data Protection Officer (DPO) who can be contacted at the postal address on this form or at dpo@broads-authority.gov.uk. Our DPO is currently our Monitoring Officer.

You have the right to see any personal information that we hold about you. Such requests are called subject access requests. If you would like to make a subject access request please contact the Authority's Data Protection Officer. We will respond to such requests within one month. There is no fee to make a request.

You may ask us to rectify any personal information which is incomplete or inaccurate. You may also ask us to erase such data once processing is no longer necessary or if you object to processing or consider that we are processing it unlawfully. We will consider such requests and if we refuse, we will give reasons.

⁵. Section 8 added 12.0718



Private and Confidential

Code of Conduct Complaint Monitoring Form

The Broads Authority is committed to the provision of equal opportunity and specifically to conducting its affairs in a manner which will not discriminate against, either directly or indirectly, any person on the grounds of: disability; gender; transgender; race; ethnic or national origin; religion or belief; age or sexual orientation.

To help us meet this commitment, it would be helpful if you would complete this form. This monitoring form will be separated from your complaint on receipt and will be used solely for the purposes of monitoring the process.

Section 1 (please tick the boxes which apply)

My age is:	Under 21	<input type="checkbox"/>
	21-30	<input type="checkbox"/>
	31-40	<input type="checkbox"/>
	41-50	<input type="checkbox"/>
	51-60	<input type="checkbox"/>
	61-64	<input type="checkbox"/>
	65 or over	<input type="checkbox"/>

My gender is:	Female	<input type="checkbox"/>
	Male	<input type="checkbox"/>

Section 2 (please tick one box only)

I would describe myself as:	White:	British	<input type="checkbox"/>
		Irish	<input type="checkbox"/>
		Any other	<input type="checkbox"/> please write in

Mixed:	White and Black Caribbean	<input type="checkbox"/>
	White and Black African	<input type="checkbox"/>
	White and Asian	<input type="checkbox"/>
	Any other	<input type="checkbox"/> please write in

Asian or Asian British:	Indian	<input type="checkbox"/>
	Pakistani	<input type="checkbox"/>
		<input type="checkbox"/>

	Bangladeshi Any other	<input type="checkbox"/> please write in
Black or Black British:	Caribbean African Any other	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> please write in
Chinese or other ethnic group:	Chinese Any other	<input type="checkbox"/> <input type="checkbox"/> please write in

Section 3		
Do you consider yourself to have a disability*?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Thank you for your co-operation. Please return this form with your complaint.

*The Equality Act 2010 defines disability as 'a physical or mental impairment which has a substantial and long-term adverse effect on a person's ability to carry out normal day-to-day activities'.

Criteria for consideration of a complaint by Monitoring Officer

In deciding whether to accept or reject a complaint of breach of the Code, or to refer it to the Local Resolution Procedure, the Monitoring Officer has a wide discretion. He or she will take into account the following criteria, where relevant.

- Public interest factors including the seriousness of the alleged breach, whether there has been any breach of trust, the extent of any harm caused and whether there has been any discrimination.
- Proportionality by balancing the seriousness of the allegation against the resources required to investigate the allegation
- Whether there are any aggravating factors or significant mitigating factors
- Whether a prompt acknowledgment and apology has been offered
- Whether the complaint is one of a pattern by or against a Member
- Whether the complaint appears to be malicious, frivolous or vexatious
- Whether the complaint suggests that there is a wider problem as affects the Authority
- Whether training or conciliation would be the appropriate response
- Whether either the complainant or subject Member has indicated a preference for Local Dispute resolution

Criteria for determination as to whether a complaint is frivolous or vexatious

At the Initial Assessment Stage, the following criteria shall be used in determining whether a complaint is frivolous or vexatious:

- Whether the matters complained of occurred more than 3 calendar months earlier and if so whether any reason given for a delay in making the complaint is sufficient.
- Whether the complaint appears to be of “tit for tat” nature in that for example, the complainant has themselves been the subject of a complaint by the subject member.
- Whether in less-serious cases, the matter has already been the subject of reasonable and sufficient attempts by the subject member to apologise and make amends for any behaviour complained of.
- Whether the complainant has made other complaints under the Members’ Code of Conduct. If so, the number, nature and subject matter of those complaints will also be considered.
- Whether the subject matter of the complaint is a trivial matter out of proportion to its significance.
- Whether the complainant has adopted a “scattergun” approach: pursuing a complaint with the Authority and at the same time, with any number of the following such as a Member of Parliament, the Authority’s independent auditor, National Audit office, Government department, local police, solicitors, media and on social media.
- Whether the complaint arises from facts which have been the subject of a prior determination by a decision-making body.
- Whether the content of the complaint includes gratuitous comments about the subject Member or other third parties which could be considered insulting, abusive or defamatory in nature.

Audit and Risk Committee

20 July 2021

Agenda item number 7

Internal Audit Annual Report and Opinion 2020/21

Report by Head of Internal Audit

Summary

This report provides the Authority with an Annual Report and Opinion for 2020/21, drawing upon the outcomes of Internal Audit work performed over the course of the year and a conclusion on the Effectiveness of Internal Audit.

Recommendation

The Committee is requested to:

1. Receive and approve the contents of the Annual Report and Opinion of the Head of Internal Audit.
 2. Note that a reasonable audit opinion (positive) has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2021.
 3. 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 2020/21.
 4. 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; and,
 - Any other issues considered relevant to the Annual Governance Statement should be recorded.
- 1.2. This report also contains conclusions on the Review of the Effectiveness of Internal Audit, which includes;
- The degree of conformance with the PSIAS and the results of any quality assurance and improvement programme;
 - The outcomes of the performance indicators; and,
 - The degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.
- 1.3. The Annual Report and Opinion 2020/21 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 2020/21, the Head of Internal Audit is able to give a reasonable opinion (positive) on the framework of governance, risk management and control at the Broads Authority.
- 1.5. The outcomes of the Effectiveness Review confirm that Internal Audit:
- Is compliant with the Public Sector Internal Audit Standards;
 - Is continually monitoring performance and looking for ways to improve; and.
 - Is compliant with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.
- 1.6. These findings therefore indicate that reliance can be placed on the opinions expressed by the Head of Internal Audit, which can then be used to inform the Authority's Annual Governance Statement.

Author: Emma Hodds, Head of Internal Audit

Date of report: 01 July 2021

Appendix 1 – Broads Authority Annual Report and Opinion 2020/21

Eastern Internal Audit Services



BROADS AUTHORITY

Annual Report and Opinion 2020/21

Responsible Officer: Emma Hodds – Head of Internal for Broads Authority

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive to provide a written report to those charged with governance (known in this context as the Audit and Risk 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 2020/21, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation’s Annual Governance Statement, but there are also a number of other important sources to which the Audit and Risk 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 HEAD OF INTERNAL AUDIT

2.1 Roles and responsibilities

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

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with Management Team and key stakeholders and then approved by the Audit and Risk Committee at its meeting on 3 March 2020. Areas of testing were amended in each of the four reviews to ensure coverage could be provided on the impact of the Covid-19 Pandemic on the Authority. This was particularly relevant in the Governance and Risk Management review where assurance was provided over the Authorities recording of Covid-

19 related risks and incidents, its response to the pandemic. Arrangements for virtual meetings were also reviewed.

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 Audit and Risk 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 in relation to the framework of governance, risk management and controls at the Broads Authority is **reasonable**, with all four audits concluding with a positive assurance grading in Key Controls and Assurance, Planning, Corporate Governance Risk Management and Port Marine Safety Code.

An adverse variance in Investment and Navigation income has been reported due to the impact of the Covid-19 Pandemic, however, throughout our testing of the Authorities governance risk management and control framework we have not identified any issues significant enough to impact upon the Authorities ability to provide core services.

In all areas reviewed, reasonable assurance has been demonstrated. No urgent priority findings have been raised at the Authority for 2020/21 and no important recommendations are outstanding. It is for that reason it is felt that a reasonable assurance opinion overall applies.

In providing the opinion, the authority's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified therefrom have been taken into account.

The opinion has been discussed with the Section 17 Officer prior to publication.

3. **AUDIT WORK UNDERTAKEN DURING THE YEAR**

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

3.2 Summary of internal audit work

The Audit and Risk Committee approved the Annual Internal Audit Plan for 2020/21, which is summarised at **Appendix 1** to this report and totalled 36 days as originally planned, encompassing:

- An annual opinion of Corporate Governance and Risk Management;
- A fundamental financial system review of key controls and assurance, including verification of completion of audit recommendations;
- Service audit of Planning
- Port Marine Safety Code.

A total of 23 recommendations were raised in 2020/21.

3.3 The following provides a summary of the results of these audits, with **Appendix 3** to this report providing the detailed Executive Summaries.

Planning

This audit concluded with a reasonable assurance, with two important and four needs attention recommendations agreed with management. Important recommendations were raised regarding planning enforcement. The first relates to retaining evidence and acknowledging complaints within 3 working days in line with the agreed Local Enforcement Plan, the second relates to informing complainants of the outcome within 20 days as per the Local Enforcement Plan. All recommendations from this audit have now been recorded as complete with process guidance updated accordingly.

Key Controls and Assurance

The audit looked at the fundamental systems that feed into the statement of accounts to provided assurance on the key controls. The areas reviewed were; Treasury Management/Investments, General Ledger, Asset Management, Budgetary Control, Accounts Receivable, Accounts Payable, Payroll, Toll Income, Control Accounts and Follow Up of Internal Audit Recommendations. The audit concluded with a reasonable assurance grading with 5 needs attention recommendations raised. Two have been completed and three are currently within deadline.

Port Marine Safety Code

This audit concluded with a reasonable assurance, with three important and five needs attention recommendations agreed with management. We have however provided the full Executive Summary of the report at Appendix 3, giving an overview of findings raised. The important recommendations relate to Governance, and Pilotage.

Corporate Governance and Risk Management

This audit concluded with a reasonable assurance grading, with one important and three needs attention recommendations agreed with management. The important recommendation relates to keeping the Authorities incident log up to date following Covid Incident Response Team meetings. This recommendation has be reported as complete.

3.4 Follow up of management action

In relation to the follow up of management actions the position at year end is that of the 23 recommendations raised by TIIA Ltd in 2020/21 and formally agreed by management, 11 are complete and 12 are within deadline.

- 3.4.1 A total of two needs attention recommendations remain overdue from the 2018/19 Branding Internal Audit review and one needs attention recommendation remains overdue from the 2019/20 Procurement review.

3.5 Issues for inclusion in the Annual Governance Statement

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 Quality Assurance and Improvement Programme (QAIP)

5.1.1 Internal Assessment

A checklist for conformance with the PSIAS and the Local Government Application Note has been completed for 2020/21. This covers; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

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).

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. 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.

The detailed internal assessment checklist is provided to the Chief Financial Officer for independent scrutiny and verification.

5.1.2 External Assessment

In relation to the Attribute Standards it is recognised that to achieve full conformance an external assessment is needed. This is required to be completed every five years, with the first review having been completed in January 2017. The next assessment is due for 2022.

The external assessment was undertaken by the Institute of Internal Auditors and it has concluded that **“the internal audit service conforms to the professional standards and the work has been performed in accordance with the International Professional Practices Framework”**. Thus, confirming conformance to the required standards.

The external assessment report has been previously provided to the Chief Financial Officer and the Audit and Risk Committee.

5.2 Performance Indicator outcomes

5.2.1 The Internal Audit Service is benchmarked against a number of performance measures as agreed by the Committee.

Actual performance against these targets is outlined in the following table:

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Audit Committee Satisfaction – measured annually	Annual	Adequate	TBC	TBC
2. Chief Finance Officer Satisfaction – measured quarterly	Annual	Good	Good	Achieved
<u>Internal Audit Process</u>				
3. Each quarters audit's completed to draft report within 10 working days of the end of the quarter	Quarterly	100%	25%	Not achieved, 1 report issued within 10 working days of quarter end.
4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter	Quarterly	100%	0%	Not achieved.
5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager)		100%	100%	Achieved
6. Compliance with Public Sector Internal Audit Standards		Generally conforms	Generally conforms	Achieved
7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.		100%	100%	Achieved
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)		Adequate	Good	Achieved
9. Percentage of recommendations accepted by management		90%	100%	Exceeds
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter		60%	60%	Achieved
11. Number of training hours per member of staff completed per quarter		1 day	1 day	Achieved

5.2.2 Performance has been significantly impacted in 2020/21 by the Covid-19 pandemic. The Internal Audit contractor took the decision to Furlough most of its workforce during the first lockdown as each Council prioritised front-line response over Internal Audit work. Since then the Internal Audit team have experienced further delays to delivery from audit staff sickness and in obtaining information from Officers as they understandably prioritised urgent response and recovery efforts.

Performance has not been in line within the boundaries of our agreed targets in some areas during 2020/21 such as the issuing of draft reports 10 day after quarter end. Despite this, all allocated work has now been completed. We will hold discussions with the contractor and undertake a lessons learnt exercise in Q1 of 2021/22 to determine the root cause of delays and ensure that these issues are resolved for the year ahead.

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 five 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. The detailed checklist has been forwarded to the Chief Financial Officer for independent scrutiny and verification.

APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2020/21

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
Annual Opinion Audits							
Corporate Governance and Risk Management	Reasonable	4	3	0	0	0	1
Fundamental Financial Systems							
Key Controls and Assurance	Reasonable	5	2	0	0	0	3
Service area audits							
Planning	Reasonable	6	6	0	0	0	0
Port Marine Safety Code	Reasonable	8	0	0	0	0	8
Total		23	11	0	0	0	12

Assurance level definitions		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our audit review were being consistently applied.	0
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.	4
Limited Assurance	Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.	0
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.	0

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

APPENDIX 2 ASSURANCE CHART

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Annual Opinion Audits						
Corporate Governance and Risk Management	Reasonable	Reasonable	Reasonable	Reasonable	Reasonable	X
Fundamental Financial Systems						
Key Controls and Assurance Work	Reasonable	Reasonable	Substantial	Substantial	Reasonable	X
HR and Payroll						X
Procurement				Reasonable		
Services Area Reviews						
Consultation Activities and Partnerships Provisions						
External Funding - HLF Bid and National Parks Partnership	Reasonable			Reasonable		
Asset Management		Reasonable				
Port Marine Safety Code		Reasonable			Reasonable	
Branding			Reasonable			
Planning					Reasonable	
IT Audits						
Toll Management Application						
Network Security						
Cyber Security						X
End User Controls						
Disaster Recovery			Reasonable			
Virus Protection/Spyware, Data Backup and Data Centre controls	Reasonable					

APPENDIX 3 – EXECUTIVE SUMMARIES

Assurance Review of Key Controls and Assurance Framework Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Treasury Management	0	0	1	0
General Ledger	0	0	1	0
Asset Management	0	0	2	0
Accounts Payable	0	0	1	0
Toll Income	0	0	0	0
Total	0	0	5	0

No recommendations raised in relation to accounts receivable, budgetary control, and payroll or control accounts.

SCOPE

This audit looks at the fundamental systems that feed into the statement of accounts to provide assurance on the key controls. The areas reviewed as part of this audit are; Treasury Management/Investments, General Ledger, Asset Management, Budgetary Control, Accounts Receivable, Accounts Payable, Payroll, Toll Income, Control Accounts, and Follow Up of Internal Audit Recommendations.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of five 'needs attention' recommendations being raised upon the conclusion of our work.
- This assurance opinion indicates that the overall level of control has reduced since the previous audit of Key Controls and Assurance in 2019/20, which concluded in a 'Substantial' Assurance opinion. This is due to the number of 'needs attention recommendations' being raised across the areas.

POSITIVE FINDINGS

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

- Clear controls were shown to be in place with respect to Purchase Orders and authorisation which were shown to be functioning as expected.
- Starters, leavers and change in circumstances were operating as expected.
- Reporting and data processing were operating as expected with regards to Payroll.
- Additional payment claims were shown to be processed and authorised correctly.
- Toll Income Reconciliations, Batches, and Payments were shown to be completed and controls were in place.
- Creditor and Debtor accounts were reconciled with no balancing items.
- Bank Reconciliations were prepared and subject to review.

ISSUES TO BE ADDRESSED

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

Treasury Management

- Investment authorisation via email to be recorded on the investment record.

General Ledger

- Journal authorisation via email to be recorded on the journal.

Asset Management

- Documented procedures are produced for the quarterly identification of assets and update of the Fixed Asset register.
- The asset management annual reconciliation is signed and dated by the preparer - the Chief Financial Officer.

Accounts Payable

- New supplier procedures to be reviewed and updated annually.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

Other points noted

Any variances of £5k, in relation to the monthly budget monitoring process, are highlighted in red (with any over £10k reported to members), and budget holders are required to explain these variances to the Chief Financial Officer. Explanations of variances are recorded manually and scrutinised by the Chief Financial Officer. Discussions with the Chief Financial Officer confirm that the reasons for variances will be scanned so that these can be retained electronically and accessed by the Finance Team. Due to this process already being agreed to take place, no formal recommendation has been included within this report.

Assurance Review of Port Marine Safety Code

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Governance*	0	2	4	0
Conservancy	0	0	0	0
Pilotage	0	1	1	0
Risk Assessment and Hazards	0	0	0	0
Total	0	3	5	0

* Governance includes the areas of Roles and Responsibilities; Consultation; Management of the Navigation; and Monitoring and Auditing. No recommendations have been made in respect of the areas of Marine Services and Emergency Response.

SCOPE

This review is an independent audit of the Broads Authority Safety Management System (SMS) (the Broads authority own Port Marine Safety Code (PMSC)). The Port Marine Safety Code (PMSC) requires that Harbour Authorities should include provision for a systematic review of performance based on information from monitoring of the whole system. An audit and review of the marine SMS takes place every three years, informing the three-yearly publication of the marine safety plan and the Authority's performance against the previous plan, as required by the PMSC.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and five 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit report for Port Marine Safety Code (BA18012) was issued in November 2017. It concluded in a 'Reasonable Assurance' opinion with four 'important' recommendations and five 'needs attention' recommendations being raised.

POSITIVE FINDINGS

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

Governance

- The Head of Safety attends all Boating Safety Management Group (BSMG) meetings. The BSMG provides advice on the on-going maintenance and delivery of the Marine Safety Management System; Provides advice and recommendations on boating and navigational safety; and acts as a consultative forum to facilitate two-way communications between the Broads Authority and other authorities and organisations with direct involvement in safety on the waterways.
- The Broads Authority (BA) identifies itself as the Duty Holder in the BA Port Marine Safety Code (PMSC) which is published on the BA website, stating that the members are severally and collectively the Duty Holder. This facilitates the Duty Holder making a clear published commitment to comply with standards laid down in the national PMSC.
- The roles and functions of key staff are outlined in the BA PMSC including the Director of Operations, Head of Safety Management and Head of Ranger Services. This ensures the roles associated with the PMSC are clear.
- The BA has an Enforcement Policy in place for the Navigation functions which was recently reviewed and updated in the 2020/21 financial year. This assists in meeting the requirements of the national PMSC i.e. that identified marine risks must be backed by an appropriate policy on enforcement.

Risk Assessment and Hazards

- Six monthly and annual incident reports are reported to the BSMG and Navigation Committee enabling the regular reporting of incidents and subsequent actions to address these where appropriate.

ISSUES TO BE ADDRESSED

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

Governance

- The PMSC Performance Indicators (PIs) published within the authority's PMSC and those published on the authority's website be reviewed to ensure they are consistent with each other and reflect all areas of the PMSC. The website should also be updated to reflect the latest annual PI outturns.
- The three-yearly statement of compliance with the code be signed and retained on file for future reference.

Pilotage

- A briefing paper to be provided to Navigation Committee outlining requirements for a legal review to ascertain if a General Direction is required for larger vessels.

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

Governance

- PMSC related documents and files, location and storage (both electronic and hardcopy) is reviewed to ensure these can be accessible to relevant members of staff in a timely basis.
- The BA PMSC be updated to reflect the inclusion of consultation with employees forum (or equivalent) and health and safety committee.
- The documents, reference numbered within the Broads Authority (BA) PMSC, are reviewed to ascertain their location and to appraise whether they are still relevant to the up to date safety management system in place, taking into account the requirements of the national PMSC document and the Guide to Good Practice for Marine Operations.
- All relevant employees be required to read and sign a copy of the PMSC on an annual basis.

Pilotage

- The Pilotage Policy be amended to reflect that it will be updated each time it is used, as opposed to annually.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

Other points noted

- The Broads Authority Port Marine Safety Code has a communications section which refers to the Broads Authority Communications Strategy which details aims and procedural information for all communications both internally and to external bodies inclusive of the media. However, as identified in the BA1903 Branding Audit, this strategy is out of date as dated 2016. A recommendation was therefore made in the Branding audit too review and update this strategy. However, this recommendation has not yet been completed and this is being followed up with the Head of Communications who is responsible for implementing this.

Assurance Review of Planning Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Enforcement	0	2	3	0
Planning Applications	0	0	1	0
Total	0	2	4	0

No recommendations were made in respect of the areas of Local Plan Preparation; Appeals; and Heritage and Trees.

SCOPE

The objective of the audit is to review the systems and controls in place within Planning, to help confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'important' and four 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit report for Planning (BA1602) was issued in October 2015, with a 'Reasonable Assurance' opinion with two 'important' and one 'needs attention' recommendations being raised. This indicates a negative direction of travel for the Area of Planning.

POSITIVE FINDINGS

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

Planning Applications

- Two validation checklists are available on the Broads Authority website, which supplement the statutory requirements set out in the Procedure Order - The Town and Country Planning - Development Management Procedure (England) Order 2015. This reduces the risk of inconsistent approach in processing planning applications.
- Planning applications are determined by Planning Officers or the Planning Committee in accordance with the Authority's Scheme of Powers Delegated to Officers. This demonstrates that the delegated arrangements are operational and effective.
- Delegated decision report sheet, decision notice, and Planning Committee report minutes extract are all available on the Broad Authority website under each planning application. This demonstrates a transparent and clear planning approval process.
- The correct fees are charged and obtained before planning applications are processed. This ensures that accurate income is being received as expected.

Enforcement

- The Local Enforcement Plan is available on the Broads Authority website which explains the planning enforcement process and how this works in the Broads Authority executive area. This ensure the public are made aware of processes followed by the Authority regarding the enforcement of planning breaches.

Heritage and Trees

- Once a new appraisal is adopted by the Planning Committee, changes to the conservation areas are updated on the Authority's Geographic Information System (GIS) mapping. This reduces the risk of not capturing changes being made.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where two 'important' recommendations have been made.

Enforcement

- Complaints received be supported by evidence retained on file and complaints be acknowledged within three working days in accordance with the Local Enforcement Plan. This provides early reassurance that the complaint has been received and is being dealt with.
- Timely updates on progress of enforcement complaint investigations be provided to complainant to assure the public of work being carried out by the Authority in enforcing planning breaches. This helps mitigate the risk of a reduction in the Authority's receipt of public notifications of potential planning breaches.

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

Planning Applications

- Planning fees reconciliation be reviewed by a senior officer other than the one preparing the reconciliation and this should be signed and dated by both preparer and the reviewer. This will help reduce the risk of financial loss to the Authority.

Enforcement

- The process for new enforcements be completed and this should include timescale for completing each stage of the enforcement process. This will mitigate against irregularity in staff handling of enforcement cases
- Complaint date recorded on the system is to be the actual date received by the Authority. This helps reduce the risk of delay in investigating and responding to complainant.
- Performance indicators be put in place for responding to complaints and investigating enforcement cases. This provides a means of measuring performance against set targets.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

Assurance Review of Corporate Governance and Risk Management

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Changes to committee meetings	0	0	1	0
Decision making during the pandemic including adherence to the constitution	0	1	1	0
Use of emergency powers	0	0	1	0
Inclusion of pandemic risk within the risk management process	0	0	0	0
Total	0	1	3	0

SCOPE A review of Corporate Governance has been completed, in particular covering the Authority's response to Covid-19 in the administration of committee meetings, including virtual meetings and the decision-making process. This review also covered the Authority's corporate risk management process and how the Covid-19 risk has been incorporated into this.

The review of Corporate Governance is carried out annually to support the Head of Internal Audit Opinion.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'important' and three 'needs attention' recommendations being raised upon the conclusion of our work.
- A direction of travel is not provided since the scope of the previous review differed and reviewed accountability and monitoring of performance in addition to risk management in general.

POSITIVE FINDINGS

We found that the Authority has demonstrated the following points of good practice as identified in this review and we will be sharing details of these operational provisions with other member authorities in the Consortium:

Changes to committee meetings

- The Moderators role at virtual meetings includes preparing pre-meeting briefing notes for remote meeting processes. To facilitate this, there is a template on the Document Management System (DMS) for each committee where notes are updated before each meeting, with the agenda running order and anything else the Chair needs to know for that meeting including any items of urgent business, which officer will be presenting particular items and whether any specific items are for adoption or endorsement. These notes were prepared when committees were held physically, but now they tend to be more detailed due to the requirements of virtual meetings. This assists in the provision of effective committee meetings.

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

Changes to committee meetings

- The Moderators role at virtual meetings includes the checking of audio and visual connections, and assistance with minor IT issues (access to IT officers if needed); advises Chair of lost connections, mutes/unmutes participant microphones, monitors 'raised hands' feature, and supports officers with 'shared screen' presentations. This assists in the provision of effective committee meetings.
- 'Standing Orders for the 'Regulation of Authority Proceedings: Remote meeting procedure rules' has been produced to account for the changes made in the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020. This is in effect, mandatory standing orders for those authorities that wish to hold meetings remotely, either wholly or partially. This therefore provides the means and guidance for the conduct of any remote meeting of the Authority.

Decision making

- All Members attending committee meetings have been offered 1-2-1 support from both the governance team and the IT team and this support is ongoing. To further support members, there is a 'Life-size remote meeting protocol and guidance for BA members' document which is accessible to all members. This assists in the provision of effective committee meetings.
- A report detailing the 'Response to the COVID-19 emergency and the financial position of the Broads Authority and local businesses' - is prepared and reported to committee (both the Broads Authority and Audit & Risk Committee), on a regular basis since the pandemic started. This provides a timely update to Members and provides the information for informed decisions to be made.
- Lessons learned are being captured on an ongoing basis, as a result of feedback from staff surveys undertaken and from the Authority's overall response to the pandemic. This provides opportunity for ways in which to increase the efficiency and effectiveness of processes and to build on experience.

Risk Management

- The pandemic risk has been considered in the corporate risk assessment process and a risk in relation to this has been included in the corporate risk register. This provides ongoing monitoring of this risk, an assessment of the likelihood and impact, and the mitigation in place to address this risk.

ISSUES TO BE ADDRESSED

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

Decision making

- The Actions/Key Messages Log is fully populated from the covid-19 Incident Response Team minutes held to date.

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

Changes to committee meetings

- In relation to the document management system (DMS), notes are added to deferred items to explain which committee date the item has been deferred to; and to review if there is a way to match up/link the items on the forward plan to the generated items area.

Decision making

- All members are contacted to ask them to confirm that any Declaration of Interest are complete, up to date and accurate for the 2020/21 financial year.

Use of Emergency Powers

- The summary of progress table, which updates members on the progress of decisions made, to be updated to include the delegated power used in respect of the Residential Moorings Guide second round consultation and this is reported to the Broads Authority.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

Other points noted

More detailed operational level risks are contained in separate Directorate Risk Registers. These Registers are managed by each Director. Where a new risk identified within a Directorate has a revised risk score above 16 (high risk), it is automatically referred to the Corporate Risk Register for monitoring by the Audit and Risk Committee and the Management Team. If new mitigation measures put in place then reduce the risk's score to below 16 (moderate to low risk), the risk will be removed from the Corporate Risk Register, but retained on the Directorate register.

The Directorate Risk Registers were due to be reviewed and updated in January 2021 but this review has been put back due to the impact of Covid and Management Team (MT) rearranging priorities as more urgent issues take precedent. Therefore, these registers are on the MT agenda to be reviewed during February 2021. Due to this, no recommendation has been raised within this audit.

The Lifesize VC platform had a major outage on 29/01/2021 during the full Broads Authority committee meeting. After a delay and in accordance with Standing Orders they adjourned the meeting, and it was reconvened for Tuesday 9 February.

The crash was caused externally by major outages across the Lifesize platform, so was not something that could be fixed internally with the IT officer being contacted as soon as there was a problem. The IT Officer then reported the fault and monitored the situation with Lifesize, and let the governance team know when connections were eventually restored. However, as the reconnection did not happen within a reasonable time (in line with Standing Orders) the decision was taken to adjourn the meeting.

This is the only time since using Lifesize that a problem like this has occurred. Lifesize is being used by the National Park Authorities through a special deal contract, which is due to expire in August 2021. The BA is then likely to move to using MS Teams.

APPENDIX 4 – AUDIT RECOMMENDATIONS

			Completed bt 1 April 2020 to 31 March 2021			Outstanding			Total	Not yet due for implementation		
Audit Ref	Audit Area	Assurance Level	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Outstanding	Priority 1	Priority 2	Priority 3
2018/19 Internal Audit Reviews												
BA1903	Branding	Reasonable						2				
2019/20 Internal Audit Reviews												
BA2001	HLF External Funding	Reasonable		1								
BA2003	Procurement	Reasonable		1	1			1				
BA2004	Corporate Governance and Risk Management	Reasonable		1	1							
2019/20 Internal Audit Reviews												
BA2103	Planning	Reasonable		2	4							
BA2101	Key Controls and Assurance	Reasonable			2							3
BA2102	Port Marine Safety Code	Reasonable									3	5
BA2104	Corporate Governance and Risk Management	Reasonable		1	2							1
TOTALS			0	6	10	0	0	3	0	0	3	9

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
BA1903 Branding	Recommendation 2: The Broads Authority Communications Policy be updated to include the roles and responsibilities for overseeing management of correct branding. This should be included within a separate branding section which the policy does not currently have.	3	Agreed	Head of Communications	31/10/2019	30/09/2021	Outstanding	The new communications strategy has been delayed by COVID-19 comms activity. Although many elements of the strategy have been completed, We anticipate it will be in place by the end of September 2020.
BA1903 Branding	Recommendation 5: A review and update of the communications page on the authority's intranet be undertaken once the national Parks branding strategy and associated documents, including the local broads national park strategy and Broads Authority Communications Policy, are finalised.	3	Agreed	Head of Communications	31/10/2019	31/10/2021	Outstanding	Awaiting completion of the new communication strategy (see BA1903 above)
BA2003 Procurement	Procurement training is provided to all relevant members of staff, and Members, where applicable.	3	Agreed.	Chief Finance Officer	31/03/2020	31/08/2021	Outstanding	The training is outstanding due to CFO capacity to deliver it at the present time.

APPENDIX 5 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

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

Opinions

The opinions expressed are based solely on the work undertaken in delivering the approved 2020/21 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 2021. 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 Head of Internal Audit, has sought to plan Internal Audit work, so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, additional work will then be carried out which is directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected and TIAA Ltd examinations as the Authority's internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Audit and Risk Committee

20 July 2021

Agenda item number 8

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

Report by Head of Governance

Summary

Every year the Broads Authority reviews its governance and internal control systems, including risk management, and publishes an Annual Governance Statement and action plan, supported by a Code of Corporate Governance, to show how it is complying with the principles of good governance. The Annual Governance Statement 2020/21 and Code of Corporate Governance 2021 are appended to this report.

Recommendation

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

1. Introduction

- 1.1. As a public body, the Broads Authority is responsible for making sure it has strong and up-to-date governance and internal control systems that comply with the principles of 'good governance'. Under the Accounts and Audit Regulations 2015, we must publish an Annual Governance Statement (Appendix 1) on the effectiveness of our systems during the year, and an action plan to address any identified weaknesses. The Statement accompanies the annual Statement of Accounts and must be published by 30 September following the financial year to which it relates.
- 1.2. The Statement is guided by the 'Delivering Good Governance in Local Government: Framework', which includes principles on integrity, ethical values and the rule of law; stakeholder engagement; sustainable economic, social and environmental benefits; leadership and resources; risk and performance; and transparency, reporting and review. Our internal and external audit, internal review and other reports, and the Code of Corporate Governance all provide evidence for the Statement.

- 1.3. The Audit and Risk Committee is asked to review the Statement and present any suggested amendments or recommendations to the Broads Authority on 23 July. Once the Authority approves the Statement, it is signed by the Chair and Chief Executive and the Action Plan 2021/22 is implemented.

2. Code of Corporate Governance

- 2.1. The Code of Corporate Governance helps us to develop our governance framework based on best practice and external guidance. The Code is updated annually, with significant changes reported in the Annual Governance Statement and any actions included in the Action Plan. The Code is signed by the Chair and Chief Executive and published on the Broads Authority website on the [how we work](#) page.

3. Audit opinion

- 3.1. The Head of Internal Audit's overall audit opinion in relation to the framework of governance, risk management and control at the Broads Authority in 2020/21 is reasonable, with all of the four audits (Key Controls and Assurance, Planning, Corporate Governance & Risk Management and the Port Marine Safety Code) concluding with a reasonable (positive) assurance grading. The Authority's Management Team accepted the recommendations raised and assigned responsibilities and deadline dates, as shown in the Annual Governance Statement action plan (Appendix 1).
- 3.2. 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 from this were taken into account. The opinion was discussed with the Section 17 Officer prior to publication.

Author: Maria Conti

Date of report: 22 June 2021

Appendix 1 – Draft Annual Governance Statement 2020/21 and Code of Corporate Governance 2021

DRAFT

Annual Governance Statement 2020/21 & Action Plan 2021/22 and Code of Corporate Governance 2021

Published xxxxx 2021

DRAFT

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About this Statement

As a public body, the Broads Authority is responsible for making sure its governance and internal control systems are robust, up-to-date and in line with the principles of good governance. This is about conducting our business in accordance with the law and with proper standards, using public money wisely and efficiently, and having the right arrangements in place to protect our assets and meet our strategic aims. It is also about our members and officers representing the shared values and culture of the organisation.

To show how we are complying with good governance, we prepare an **Annual Governance Statement**¹ and publish it alongside our annual Statement of Accounts. The Statement is guided by '[Delivering Good Governance in Local Government](#)', which includes principles on integrity, ethical values and the rule of law; stakeholder engagement; sustainable economic, social and environmental benefits; leadership and resources; risk and performance; and transparency, reporting and review.

The Statement includes an annual action plan to address any weaknesses identified by internal and external audit, self-assessment and other reporting including our [Code of Corporate Governance](#) (Appendix 2).

This Annual Governance Statement was adopted on xxxx 2021. Our action plan 2021/22 and a review of last year's action plan are at Appendices 1(a) and 1(b).

1. Our governance framework

1.1. Purposes and duties

The Broads Authority is a statutory body with similar responsibilities to those of the English, Welsh and Scottish National Park Authorities². It is the local planning authority, and a harbour and navigation authority. It has a duty to manage the Broads to conserve and enhance its natural beauty, wildlife and cultural heritage, to promote opportunities for the public to understand and enjoy its special qualities, and to protect the interests of navigation.

In managing the area, the Authority must have regard to the national importance of the Broads for its natural beauty and opportunities for open-air recreation, the desirability of protecting its natural resources from damage, and the needs of agriculture and forestry and economic and social interests of those who live or work in the area. The Authority also has the duty to maintain the navigation area to such standard as appears to be reasonably required and to develop and improve it as it thinks fit.

1.2. Strategy and policy

The [Broads Plan](#) is the key partnership strategy for the Broads, setting out a long-term vision and short-term objectives to benefit of the environment, local communities and visitors. The

¹ Regulation 6(1)(a) and (b) of the Accounts and Audit Regulations 2015

² The Broads Authority was established under the Norfolk and Suffolk Broads Act 1988. Further provisions for the management of the area were made through the Broads Authority Act 2009.

current Plan was adopted in March 2017, and a review is underway in 2021/22. We also publish regular [Broads Plan progress update reports](#).

Sitting under the Broads Plan are more detailed [guiding strategies](#), generally focusing on a single theme and covering a short-term period of 3-5 years.

The [Broads Local Plan](#) (adopted in 2019) sets out the policies used in determining planning applications for the plan period up to 2036. We also produce supporting supplementary planning documents such as the [Flood Risk SPD](#), and [planning design guidance](#), to help with the interpretation and implementation of policies. The Local Plan is subject to regular review, and the current review is underway.

Our [Annual Business Plan](#) outlines our work priorities for the coming year and summarises last year's progress. The Plan is a link between the strategies for the Broads and our Directorate work plans. The [Annual Business Plan 2021/22](#) outlines our work plans for 2021/22 and 3-year financial strategy for 2021/22 to 2023/24.

Each year we also identify a small set of strategic priorities, focused on Authority-led projects that have high resource needs or a very large impact on the Broads, or that are politically sensitive. This helps us target our resources and make the most of partnership working and external funding opportunities. We report on their progress at each [Broads Authority](#) meeting.

2. External factors influencing our governance arrangements

2.1. Coronavirus (Covid-19) pandemic

Government measures in place at the start of 2020/21 to respond to the Covid-19 crisis affected the Broads Authority's operations throughout the year, including its governance processes. Under the provisions of the [Coronavirus Act 2020](#), temporary standing orders for remote meeting procedure rules were in place from 22 May 2020 to 7 May 2021, and all committee meetings were held remotely during that period using video conferencing to run and livestream proceedings. The Authority's annual meeting in 2020 was cancelled, with existing member appointments remaining in place until the annual meeting in July 2021. As Covid-19 regulations did not permit face-to-face gatherings, some scheduled committee meetings in April/May 2020 were cancelled pending the remote meeting rules.

The main impact to the Authority in 2020/21 was the loss of income from tolls, especially from the hire boat industry, due to the periods of national lockdown imposed by Covid-19. As at 31 March 2021, toll income was £119,916 below the annual budget. The loss of income was mitigated through in-year savings and the delay of some practical works. In early 2020/21, the Authority worked closely with Defra officials to gain an agreement for financial support to offset this loss, and to provide support to the local tourism industry.

In March 2020 the Authority established a Business Continuity Plan in response to the pandemic challenges, and the majority of staff began working from home, where their role allowed. Risk assessments were undertaken for all sections and services within the

Authority, and measures were put in place to enable safe working. Most operations were able to continue during 2020/21; staff unable to carry out their normal duties were assigned other tasks and no staff were furloughed. Two staff surveys were conducted in 2020/21 to assess how staff were managing with the new working arrangements and to get their views on longer-term arrangements (when Covid restrictions are lifted). The outcome of the surveys was reported to staff, volunteers and members and will inform Management Team decisions, including the development of hybrid working arrangements.

2.2. Brexit

Leaving the European Union was largely overshadowed by the Covid-19 crisis. However, it remains a significant change for the country and will impact on the Authority, such as closing off a source of funding for joint projects with European partners. The timescale for our EU-funded project CANAPE was extended beyond the Brexit leave date, which will enable this partnership project to be completed. Preparations for importing EU goods were also completed, although minor when compared to purchases made within the UK. There have been some minor delays in purchasing items such as wood and metal that are normally sourced by our UK suppliers from the EU.

2.3. Landscapes Review

The [Landscapes Review Final Report](#) was published in September 2019, setting out 27 proposals to protect and improve England's protected landscapes. The Government's Written Ministerial Statement on 24 June 2021 stated that it would be working closely with its partners over the coming months, including National Park Authorities, to address the Review's recommendations in full and consult on draft proposals later in the year. We will also consider the Review's key points as we carry out the Broads Plan review in 2021/22.

3. Committees, staffing and financial arrangements

3.1. Committees

The Broads Authority has unique governance arrangements, reflecting the interests of both national and local stakeholders. Of its 21 members, ten are appointed by the Secretary of State, nine are locally elected County and District Councillors, and two are co-opted from the Navigation Committee. Other than Planning Committee and those matters specifically delegated to the Chief Executive, all matters are dealt with by the full Broads Authority as the prime decision maker. Routine decision making is delegated by members to officers of the Authority through the Scheme of Delegated Powers.

The [Broads Authority](#) (the full Board) meets six times a year. Two of the scheduled meeting dates can be allocated for site visits or workshops if required, to give members more time to interact informally outside the main business meetings and to see what is happening out in the Broads. There is a transparent process for the annual appointment of Chairs and Vice-Chairs, committee membership and appointments to outside bodies, which allows members to express their preferences for serving on particular committees and outside bodies. The Chairs' Group gives all Chairs and Vice-Chairs an active role in maintaining an overview of the work of the various committees, and supporting the Chair and Chief Executive.

The [Audit and Risk Committee](#) is an advisory committee, meeting three times a year. It is responsible for examining our governance, internal control and risk management framework, and taking a strategic view on whether our allocated resources are being used effectively.

Our functions as a Local Planning Authority are carried out by the [Planning Committee](#), with powers delegated to officers in line with national legislation. It is a decision-making committee and normally meets every four weeks. [Planning decisions](#), whether made at Committee or through delegated powers, are published on our website.

The [Navigation Committee](#) advises the Authority's on significant matters affecting the navigation area. While it does not make decisions, if the Authority does not accept the Committee's recommendations it must give reasons. There are five meetings a year, and members are also invited to the Authority's site visits and workshops.

The [Broads Local Access Forum](#) is a semi-independent body that advises the Authority on improving public access to land within the Broads executive area. The Forum meets at least twice a year.

The Authority has two **Independent Persons**, appointed for a 4-year period, who are regularly consulted to help the Authority achieve high ethical standards. The current postholders were appointed in January 2021 until the annual meeting in July 2024 (the appointments were delayed by the cancellation of the 2020 annual meeting and an extension to the previous terms of office). One of the Independent Persons was also appointed to the Water Skiing and Wakeboarding Appeals Panel for the same term. This role includes being consulted on the appointments of members of those panels under Schedule 3 para 3(c) of the Broads Authority Act 2009.

3.2. Officers

The Authority has 132.5 full-time equivalent staff. There are four statutory officers who carry out specific duties. They are the Head of Paid Service (Chief Executive), Section 17 Officer (Chief Financial Officer), Navigation Officer (Head of Ranger Services) and Monitoring Officer.

The Chief Executive, Chief Financial Officer, Director of Strategic Services and Director of Operations make up the Management Team. There are eight Section Heads, covering the following sections: Construction, Maintenance & Ecology; Communications; Governance; Human Resources; ICT & Collector of Tolls; Planning; Ranger Services; and Safety Management. The Management Team meets weekly and liaises regularly with the Section Heads through the Management Forum. We are also required to have a Data Protection Officer, and this role is currently held by the Director of Operations as a qualified Data Practitioner.

3.3. Financial arrangements

It is considered that the Authority's financial management arrangements conform with CIPFA's [Statement on the Role of the Chief Financial Officer in Local Government](#) (2016). As

a key member of the Management Team, the Chief Financial Officer is actively involved in material business decisions to help the Authority develop, resource and implement its strategic plans sustainably and in the public interest.

We have a number of procedures in place to make sure we obtain best value for money in all we do, and we review them all on a regular basis. The Financial Regulations, reviewed in March 2018, were updated to reflect that the Section 17 Officer and Treasury is now managed in-house. Our Counter Fraud, Corruption and Bribery Strategy was updated in March 2018 and our Standing Orders Relating to Contracts in June 2020. We also reviewed our Procurement Strategy in July 2020 and our Capital, Treasury and Investment Strategy in March 2021. Work is underway to review the Authority's compliance against CIPFA's Financial Management Code.

We monitor the effectiveness of our internal financial control systems through the consideration of regular internal audits, performance management and budget monitoring reports, and through reporting to ARC.

4. Decision making and openness

Our arrangements for decision making are set out in publicly available documents, published on our website at [Constitutional documents \(broads-authority.gov.uk\)](https://broads-authority.gov.uk/constitutional-documents). These include standing orders, terms of reference of committees, codes of conduct, scheme of delegated powers and protocol on member and officer relations. In 2019/2020 we commissioned Birketts LLP to review a number of our constitutional documents to make sure they are fit for purpose, in line with best practice and legislation, and easy to understand. The progress of this work was delayed by Covid-19 and rescheduled work priorities but to date, revisions of the Social Media Policy and Scheme of Delegated Powers have been adopted by the Authority. As noted above, temporary Standing Orders were adopted to enable the Authority to hold all its committee meetings remotely from 22 May 2020 to 7 May 2021. Work is ongoing in 2021/22 to complete the review of remaining documents including the Code of Conduct for members (informed by the Local Government Association's new 'Model Councillor Code of Conduct' (update 17 May 2021) and our Standing Orders for Authority proceedings.

Our committees each have distinct terms of reference. Meetings are held in public, apart from agenda items that are exempt under legislative guidance, and members of the public may ask questions. Our committee meetings are audio recorded and the public may request a copy of the recording. While meetings were held remotely, the proceedings were livestreamed for public viewing via a link on the Authority's website.

Staff roles and responsibilities are defined through job descriptions and regularly updated policies and procedures, including an officer code of conduct and annual performance appraisals. In 2019/2020 we started to use the Best Companies Employee Survey. Our first Best Companies Index score was classed as 'good', which in terms of accreditation means we are 'one to watch'. We plan to run the next survey at the end of 2021, funding permitting, and aim to improve our baseline score.

The Freedom of Information Act (FOIA) and the Environmental Information Regulations (EIR) give rights of public access to information held by public authorities, including the Broads Authority. Our [Publication Scheme](#) highlights the information we publish, how we make it available, and our charging policy. Our commitment to protecting people's privacy and processing personal data in accordance with data protection legislation is set out within our [Data Protection Policy](#).

5. Ethics and integrity

Under the Localism Act 2011 we have the duty to promote and maintain high standards, and we work to embed this throughout our governance and internal control systems. The seven principles of public life (known as the Nolan Principles) are incorporated in the Members' Code of Conduct (currently under review). Our Independent Persons provide external scrutiny of our standards processes.

We also have our own set of corporate core values (below), which are promoted to officers and members through posters and screen savers, codes of conduct and protocols, recruitment and appraisal processes, and development programmes.

Our core values

- **We show commitment** - Working together for a common purpose; Showing flexibility, trust and enthusiasm; Delivering on our promises
- **We are caring** - Setting realistic and properly resourced workloads; Supporting each other to get things done; Giving praise and daring to challenge
- **We are exemplary** – Being visible, approachable and professional; Making sound judgements on strong evidence; Aiming higher, smarter and always inspiring
- **We are open and honest** – Being fair and consistent in our words and actions; Always willing to ask, listen and respond; Doing what's right and being accountable
- **We are sustainable** – Looking after our resources wisely; Understanding the impact of our choices; Doing work that adds real value

6. Engaging with stakeholders

We encourage our partners, interest and user groups and local communities to engage with us in various ways. This includes drop in events such as partnership working groups and Parish Forums, direct contact such as officers or members attending user group meetings, public events, digital and social media, and formal written consultations. We also seek public opinion through surveys and the user analysis of our website and Facebook and Twitter feeds.

[Broads Engage](#) brings together many of the ways people can hear about and have a say on the use and management of the Broads. Due to Covid-19 social distancing requirements, we did not hold face-to-face engagement events during 2020/21. However, we continued to

engage with stakeholders through remote means, including a virtual exhibition for the emerging Broadland Futures Initiative, and online consultations and surveys.

7. Managing risk and performance

The Audit and Risk Committee's (ARC) responsibilities include gaining assurances, from a range of measures and reports, that the Authority is obtaining value for money in the use of its resources, and that risk and performance are being actively managed to achieve best results.

We have a **Corporate Risk Register (CRR)** and three **Directorate Risk Registers (DRRs)**, together with a Risk Management Policy. The registers are reviewed twice a year by Management Team, and updates to the CRR are reported to ARC. Any mitigated risk on a DRR that scores as a 'high risk' is referred to the CRR for monitoring. The Risk Management Policy is reviewed and updated every two years, and is next due for review in January 2022.

Our **Business Continuity Plan** provides critical information to enable the Authority to continue operating during an unplanned significant event, including loss of premises, IT/telecommunications systems and utilities; national lockdown (e.g. pandemic) and major travel disruption. The plan relates to events that impact all or most of the Authority's operations and that require immediate action. Measures to respond to other identified and predictable business risks (such as significant loss of income or key staff) are covered elsewhere, including within our risk registers and individual project plans.

An incident response plan was triggered in March 2020 in response to the Covid-19 pandemic, and remained in place throughout 2020/21. The plan included an actions log drawn from the weekly 'Covid response group' meetings (Management Team and Section Heads). A recorded briefing from the meetings was made available to all staff, members and volunteers, together with regular guidance on maintaining Covid-safe working practices.

We have **internal financial controls** to reflect good practice and make sure our finances are managed securely to minimise risk. These include approved budgets, separation of duties and authorised signatures. We also maintain a database of all our land and property assets and an **Asset Management Strategy** that includes an asset disposal policy, to help us plan our maintenance and replacement programme and reduce the risk of unexpected costs.

Our **performance** across our operations is assessed at regular Management Team meetings, with financial reports and budgets considered monthly and reports provided to Members at each Authority meeting.

There is a **whistleblowing policy** for our staff, and the Monitoring Officer has a duty to write a report if the Authority or any of its committees proposes action that would be unlawful or amount to maladministration.

8. Internal and external audit

Our **internal and external auditors** are the main independent sources of assurance on the operation of our governance framework and the Statement of Accounts.

An external provider reviews the effectiveness of our **internal control systems**, which includes our **internal audit function**. This helps to emphasise audit's key role and its connection to governance, risk management and internal control. The broad categories for internal audit are annual opinion, corporate governance, fundamental financial systems, service area audits and significant computer systems. The Head of Internal Audit (HIA) develops an annual **strategic audit plan** using a risk-based approach. The annual opinion is given on the overall adequacy and effectiveness of the Authority's internal control environment, highlighting significant issues.

The Management Team responds to each recommendation in the internal audit report, stating whether it is agreed and what action will be taken. The ARC receives a summary of internal audit work during the year and progress on implementing audit recommendations. Any significant concerns are reported up to the Broads Authority. The Authority is also informed of the work of the appointed External Auditors, including the Annual Audit letter from the External Auditors.

The **HIA's overall audit opinion** in relation to the framework of governance, risk management and control at the Broads Authority in 2020/21 is **reasonable**, with all of the four audits (Key Controls and Assurance, Planning, Corporate Governance & Risk Management and the Port Marine Safety Code) concluding with a reasonable (positive) assurance grading. The Authority's Management Team accepted the recommendations raised and assigned responsibilities and deadline dates, as shown in Appendix 1(a) below.

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 from this were taken into account. The opinion was discussed with the Section 17 Officer prior to publication.

9. Action Plans

Our Annual Governance Statement Action Plan 2021/22 and a summary of progress against last year's action plan are at Appendix 1. We are satisfied the Plan will address the identified weaknesses, and will report back on its implementation as part of our next Statement.

Signed (Chair of the Authority)

Signed..... (Chief Executive)

Date

Appendix 1(a) - Audit recommendations: Action Plan 2021/22

Table 1

Actions arising from 2020/21 audit and outstanding actions from previous audits

Audit recommendation	Lead officer	Target/status
Communications and branding		
R2: Branding strategies, guidelines, procedures BA Communications Policy be updated to include the roles and responsibilities for overseeing management of correct branding. This should be included within a separate branding section, which the policy does not currently have.	Head of Comms	31/10/19 Updated to 31/10/21 (see R5 below)
R5: Use of logos A review and update of the communications page on BA's intranet be undertaken once National Parks branding strategy and associated documents, incl. local Broads National Park strategy and BA Communications Policy, are finalised. This should be relaunched with staff, incl. provision of staff and member training in relation to branding, incorporating use of both BA logo and Broads National Parks logo. Comms intranet page should include comms team details, branding strategies and comms policy, and BA New Signs Guide.	Head of Comms	31/10/19 Updated to 31/10/21 to complete overarching strategy (other actions completed)
Corporate governance and risk management		
R1: Decision making The actions/key messages log is fully populated from the Covid-19 Incident Response Team minutes held to date.	Head of Governance	31/05/21 Action completed

Audit recommendation	Lead officer	Target/status
R2: Change to committee meetings In relation to the document management system (DMS), the following is undertaken: <ul style="list-style-type: none"> • Notes are added to deferred items to explain which committee date the item has been deferred to; and • To review if there is a way to match up/link the items on the forward plan to the generated items area. 	Head of Governance	31/07/21 Notes added to deferred items. Further DMS updates dependent on ICT resources.
R3: Decision making All members are contacted to ask them to confirm that their Declaration of Interests is complete, up to date and accurate for the 2020/21 financial year.	Head of Governance	30/4/21 Action completed.
R4: Use of emergency powers The summary of progress table to be updated to include the delegated power used in respect of the Residential Moorings Guide second round consultation and this is reported to the BA.	Head of Governance	31/05/21 Action completed.
Financial systems		
The Accounts Payable procedures, in particular new suppliers, should be reviewed annually.	Financial Accountant	30/09/21
Planning		
R1: Enforcement Complaints received to be supported by evidence retained on file and acknowledged within three working days as stated in the Local Enforcement Plan.	Head of Planning	01/04/21 Process in place for enforcement cases receipt, recording and process.
R2: Enforcement Complainants be provided updates of enforcement investigation carried out by the Authority within 20 working days in accordance with the Local Enforcement Plan.	Head of Planning	01/04/21 Process in place for enforcement cases receipt, recording and process.
R3: Planning applications The monthly planning fees reconciliation be reviewed by a senior officer, other than the one	Head of Planning	01/05/21 Process set up for Senior Planning Officer

Audit recommendation	Lead officer	Target/status
preparing it, then signed and dated by preparer and reviewer on completion to evidence this.		to review and check monthly planning fees reconciliation sheet.
R4: Enforcement The process for new enforcements be completed incl. the timescale for completing each stage of the enforcement process.	Head of Planning	01/05/21 Process written for enforcement cases receipt, recording and process.
R5: Enforcement The date the complaint is received by the BA to be recorded in the Uniform and Idox system.	Head of Planning	01/04/21 Process written for enforcement cases receipt, recording and process.
R6: Enforcement Performance indicators be put in place for responding to complaints and investigating enforcement cases.	Head of Planning	01/05/21 Updated to 31/07/21 PIs agreed: <ul style="list-style-type: none"> • Acknowledgement to complainant within 3 days • Update to complainant within 20 days • Report on performance indicators to Mgt Team quarterly
Port Marine Safety Code		
R5: Governance The PMSC Performance Indicators (PIs) published within the Authority's PMSC and those published on the Authority's website be reviewed to ensure they are consistent with each other and reflect all areas of the PMSC. The website should also be updated to reflect the latest annual PI outturns.	Head of Safety Management	Action completed.

Audit recommendation	Lead officer	Target/status
R6: Governance The three yearly statement of compliance with the code be signed and retained on file for future reference.	Head of Safety Management	Sept 2021
R9: Pilotage The General Direction for larger vehicles and navigation on works guidance be finalised.	Head of Ranger Services	Dec 2021
R11: Governance PMSC related documents and files, location and storage (both electronic and hardcopy) is reviewed to ensure these can be accessible to relevant members of staff on a timely basis.	Head of Safety Management	Oct 2021
R12: Governance BA PMSC be updated to reflect inclusion of consultation with employees forum (or equivalent) and health and safety committee.	Head of Safety Management	Action completed.
R14: Governance Documents referenced within BA PMSC be reviewed to ascertain their location and appraise if still relevant to up-to-date SMS, taking account of national PMSC and Guide to Good Practice for Marine Operations.	Head of Safety Management	Dec 2021
R15: Governance All relevant employees to read and sign copy of PMSC on annual basis.	Head of Safety Management	Dec 2021
R18: Pilotage Pilotage Policy be amended to reflect that it will be updated each time it is used, as opposed to annually, and PMSC be updated to reflect this.	Head of Ranger Services	Dec 2021
Procurement		
R7: Procurement training is provided to all relevant members of staff, and Members, where applicable.	Chief Financial Officer	By 30/06/20 Updated to 31/08/21

Appendix 1(b) - Audit recommendations: Progress against Action Plan 2020/21

Table 1

Actions arising from 2019/20 audit and any outstanding actions from previous audits

Audit recommendation	Lead officer	Target date	Progress
Accountability and monitoring of performance			
<p>Report annual National Park Authority 'family' indicators composite data to Management Team to compare and address any adverse areas of performance. Review how indicators align to Broads Plan and Annual Business Plan priorities and whether meaningful targets can be set for each indicator. Publish annual NPA family indicator outturn data relating to Broads Authority on BA website.</p> <p>Clarify how DEFRA uses and publicises family indicator data.</p> <p>Consider whether State of the Park indicators (where BA is data source) can be collected annually and reported in annual business planning process.</p>	Head of Governance	By 31/08/20	<p>Data reported to MTand published at How we work (broads-authority.gov.uk)</p> <p>NPA family indicator data part of DEFRA examination of 'Metrics and Measures – Measuring the delivery of the 25 Year Environment Plan.'</p> <p>SOPR indicators assessed as part of Broads Plan review process.</p>
Complete Operations Directorate Risk Register as part of Individual Performance Review process.	Director of Operations	By 31/05/20	Action completed.
Communications and branding			
Continue updating of BA Communications Policy and guidance, and roll out of associated member and officer training.	Head of Comms	(c/f from 2019/20)	c/f to 2021/22 action plan
Corporate Governance and Risk Management			
The Broads Authority Business Continuity Plan is reviewed and updated to take into account the	Head of Governance	31/08/20	Action completed. Plan reviewed

Audit recommendation	Lead officer	Target date	Progress
recent organisational re-structure and to ensure major projects such as the WMM project are provided for.			annually or after significant event.
Adopt revised constitutional documents following external review by Birketts LLP.	Chief Executive		Work delayed by C-19 but in progress.
Human Resources			
Continue preparation of report on equality assessment of employment policies and practices (Equalities Working Group)	Head of HR	By 31/03/21	Work delayed by C-19 – work within wider policy review exercise Aug-Oct 2021.
Procurement			
Review procurement strategy and Standing Orders Relating to Contracts to ensure both documents are up to date whilst reflecting current practices and revised job titles. In addition, the procurement strategy provides guidance on high risk/high value contracts and additional risks associated with such contracts. Refresher training to be rolled out to all relevant staff.	Chief Financial Officer	By 31/08/20	Standing Orders Relating to Contracts and the Procurement Strategy updated and adopted in July 2021. Procurement training delayed until 31/08/21.
Review standard terms and conditions for contracts (goods and services) to provide template for all contracts over £5,000 in conjunction with the Authority's legal provider.	Chief Financial Officer	By 31/07/20	Action completed. Template contracts available for goods, services, engineering short construction and professional services.
Risk Management			
Define specific risk appetite statement within Risk Management Policy to complement risk tolerance levels, to provide more definite basis over level of risk BA is prepared to	Head of Governance		Action completed.

Audit recommendation	Lead officer	Target date	Progress
<p>accept and which risks require additional action/mitigation.</p> <p>Assign target risk score to show risk level BA is aiming for. Report any risks sitting over tolerance/risk appetite and monitor until mitigated below tolerance levels.</p>			
<p>Ensure links to BA website pages in Annual Business Plans (ABP) are correct and update where necessary.</p>	<p>Head of Governance</p>		<p>Action completed.</p>

DRAFT

Broads Authority

Code of Corporate Governance 2021

The Code of Corporate Governance helps the Broads Authority, as a public body, to develop its governance framework based on good practice and external guidance, and to demonstrate compliance with the principles of good governance.

Good governance is about making sure we do the right things, in the right way and for the right people in a timely, inclusive, open, honest and accountable manner. It is the systems and processes, and the values and principles, which direct and control what we do and how we relate to our communities. A key focus for good governance within the public sector is to achieve sustainable results that benefit the economy, the environment and society.

Our Code of Corporate Governance is based on the core principles in the CIPFA/SOLACE Framework [Delivering Good Governance in Local Government](#). We also have our own set of core values to underpin the behaviour of our Members and staff, who share responsibility for good governance.

We review and update the Code every year through consultation with senior staff, the Head of Internal Audit and the Chair of the Audit and Risk Committee. Any significant areas of concern raised in the review are referred to our Management Team or to the appropriate committee for comment or decision.

The Chief Executive is delegated to make necessary changes to the Code as a result of the review to keep it up-to-date. Significant changes to the Code are reported to the Authority in July as part of the Annual Governance Statement, and any new or outstanding actions are included in the Statement's Action Plan for the following year. The Code is approved by the Authority and signed by the Chair and Chief Executive.

..... (Chair of the Authority)

..... (Chief Executive)

Date: xx July 2021

Broads Authority Code of Corporate Governance: Schedule (May 2021)

This schedule represents what we do, or intend to with immediate effect, to demonstrate our compliance with the principles of good governance in local government. The core principles and sub-principles are taken from the CIPFA/ SOLACE Framework [Delivering Good Governance in Local Government](#) (2016). We will review our performance against the Code during 2021/22 and report the results to the Audit and Risk Committee and subsequently to the Broads Authority in July 2021 as part of the Annual Governance Statement.

Table 1

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Sub-principles	Our evidence to support this principle
<p>Behaving with integrity</p> <p>Behaving with integrity and leading a culture where acting in the public interest is visibly and consistently demonstrated, thereby protecting the reputation of the organisation</p> <p>Establishing and communicating specific standard operating principles or values for the organisation and its staff, building on the Seven Principles of Public Life (the Nolan Principles)</p> <p>Leading by example, embedding the above principles in effective, up-to-date policies and processes and using them as a framework for decision making and other actions</p>	<ul style="list-style-type: none"> • Annual Governance Statement and Action Plan • Appointment of Independent Persons • Audit and Risk Committee oversight • BA Core Values • Codes of Conduct for Employees (HR Policy 2), Members and Planning Committee Members • Declaration of Gifts and Hospitality for Members and Officers • Disciplinary Procedures for Officers (HR Policy 11) • Financial Regulations, Contract Standing Orders and Procurement Strategy • Guide for Local Authority appointees to the Broads Authority • Internal and External Audit • Local Protocol on Member and Officer Relations • Member and Officer induction and annual appraisals • Members Counter Fraud, Corruption and Bribery Strategy & Response Plan • Register of Interests for Members and declarations of interests made at meetings and recorded in minutes • Related party declarations note as part of the Statement of Accounts. • Safeguarding Policy (HR Policy 22) • Social Media Policy

	<ul style="list-style-type: none"> • Standing Orders for the regulation of Authority proceedings • Standing Orders Relating to Contracts • Terms of Reference of Committees • Whistleblowing Policy for Officers (HR Policy 15)
<p>Demonstrating strong commitment to ethical values</p> <p>Establishing, monitoring and maintaining the organisation's ethical standards and performance</p> <p>Underpinning personal behaviour with ethical values that permeate all aspects of the organisation's culture and operation</p> <p>Developing and maintaining robust policies and procedures that place emphasis on agreed ethical values</p> <p>Making sure external providers of services on behalf of the organisation act with integrity and in compliance with ethical standards expected by the organisation</p>	<ul style="list-style-type: none"> • Annual performance appraisal for Members and Officers • BA Core Values • Best Companies Index employee survey • Codes of Conduct for Employees (HR Policy 2), Members and Planning Committee Members • Equality Policy (HR Policy 1) • Guide for Local Authority appointees to the Broads Authority • Procurement Strategy and procedures • Recruitment & Selection Policy (HR Policy 16) and procedures • Use of Independent Persons in complaints procedures • Whistleblowing Policy for Officers (HR Policy 15)
<p>Respecting the rule of law</p> <p>Demonstrating a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</p> <p>Making sure statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</p> <p>Making the best use of the full powers available for the benefit of citizens, communities and other stakeholders</p> <p>Dealing effectively with breaches of legal and regulatory provisions</p>	<ul style="list-style-type: none"> • Codes of Conduct for Employees (HR Policy 2), for Members, and for Planning Committee Members and Officers • Committee structure in place with Terms of Reference, including powers reserved to the BA • Compliance with CIPFA's statement on the role of the Chief Finance Officer in Local Govt (CIPFA 2015) • Counter Fraud, Corruption and Bribery Strategy and Response Plan • Disciplinary Procedures for Officers (HR Policy 11) • Financial Regulations, Contract Standing Orders and Procurement Strategy • Internal and external audit • Job descriptions and recruitment process for officers • Member induction programme and development protocol

Dealing effectively with corruption and misuse of power	<ul style="list-style-type: none"> • Monitoring Officer appointed by BA • Provision of legal advice to Members and Officers • Register of Member and Officer interests and related party interests • Role descriptions for Members • Scheme of Powers Delegated to Officers • Statutory Officers appointed by the Authority • Whistleblowing Policy for Officers (HR Policy 15)
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Table 2

Principle B: Ensuring openness and comprehensive stakeholder engagement

Sub-principles	Our evidence to support this principle
<p>Ensuring openness</p> <p>Demonstrating, documenting and communicating the organisation's commitment to openness</p> <p>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness - if that is not the case, a justification for the reasoning for keeping a decision confidential is provided</p> <p>Providing clear reasoning and evidence for decisions, in both public records and explanations to stakeholders, being explicit about the criteria, rationale and considerations used. In due course, making sure the impact and outcomes of those decisions are clear</p> <p>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions or courses of action</p>	<ul style="list-style-type: none"> • Annual Governance Statement • BA Core Values • BA website (includes public information about Members and their roles, Officer roles, and how the public can input to and influence BA decisions) • Broads Engage stakeholder events and promotion • Broads Local Plan - formal consultation stages (set out in Statement of Community Involvement) • Chairman's briefings • Committee meetings held in public and audio recordings of meetings available to public on request • Corporate Partnerships Register • Fair and transparent data processing through privacy notices • Financial Regulations and Standing Orders Relating to Contracts • Financial statements • Information published in respect of expenditure over £250 • Member Allowance Scheme • Public consultation processes for strategic plan reviews (e.g. Broads Plan, guiding strategies) • Public question time at committee meetings • Publication of agendas and reports in line with Local Government Act 1972 requirements

	<ul style="list-style-type: none"> • Record of decisions in committee minutes • Use of Transparency Regulations 2015
<p>Comprehensive stakeholder engagement</p> <p>Engaging effectively with all stakeholders, making sure the purpose and aims for each stakeholder relationship are clear so outcomes are successful and sustainable</p> <p>Developing formal and informal partnerships to encourage more efficient use of resources and more effective outcomes</p> <p>Basing partnerships on trust, shared commitment to change, culture that promotes and accepts challenge among partners, and clear awareness of the added value of partnership working</p> <p>Establishing a clear policy on the type of issues the organisation will meaningfully consult on or involve communities, individuals, service users and other stakeholders to make sure the service (or other) provision is contributing towards intended outcomes</p> <p>Having effective communication methods and making sure members and officers are clear on their roles in community engagement</p> <p>Encouraging, collecting and evaluating the views and experiences of stakeholders of different backgrounds, including reference to future needs</p> <p>Implementing effective feedback mechanisms to show how stakeholder views have been considered</p>	<ul style="list-style-type: none"> - Annual Business Plan, Annual Report and visitor publications (e.g. Broadcaster), social media accounts - Appointment process to Navigation Committee and Broads Local Access Forum - Broads Briefing monthly newsletter from CEO - Broads Engage stakeholder events (e.g. workshops, Parish Forums), feedback processes and promotion - Broads Local Access Forum - Broads Local Plan - formal consultation stages (set out in Statement of Community Involvement) - Broads Plan 6-monthly progress update report (and continual progress monitoring on e-system) - Broadsheet (toll payer newsletter) - KPI annual reporting as part of NPA monitoring process to Defra - Learning resources on BA website, including Broads Curriculum materials for schools - Navigation Committee - Notices to Mariners - Public questions time at committee meetings - Regular meetings between Chairs and CEOs of BA and constituent local authorities - Regular officer level liaison with partner organisations - Visitor and user surveys

<p>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</p> <p>Taking account of the impact of decisions on future generations of tax payers and service users</p>	
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Table 3

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Sub-principles	Our evidence to support this principle
<p>Defining outcomes</p> <p>Having a clear vision statement of the organisation's purpose and intended outcomes, with performance indicators, that provide the basis for its overall strategy, planning and other decisions</p> <p>Specifying the intended impact on/ changes for stakeholders in the short and longer term</p> <p>Delivering defined outcomes sustainably basis within available resources</p> <p>Identifying and managing risks to achieving outcomes</p> <p>Managing service user expectations with regard to setting priorities and making the best use of available resources</p>	<ul style="list-style-type: none"> • Annual Business Plan • BA guiding level strategies (e.g. Integrated Access, Sediment Management, Education, Biodiversity) • Broads Local Plan (spatial planning policy) • Broads Plan (key partnership strategy for the Broads, reviewed on 5-yearly cycle) • Corporate and Directorate Risk Registers • Corporate Partnerships Register • Norfolk & Suffolk Broads Act 1998 (BA statutory purposes)
<p>Considering social, economic and environmental benefits</p> <p>Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision</p>	<ul style="list-style-type: none"> • Broads Local Plan • Broads Plan and guiding level strategies • Equalities Working Group • Norfolk & Suffolk Broads Act 1998 (BA statutory purposes) • Project Development Group procedures • Public consultation for strategic plan reviews

<p>Taking a longer-term view in decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</p> <p>Determining the wider public interest associated with balancing conflicting interests in achieving the various economic, social and environmental benefits, through consultation where possible, to ensure appropriate trade-offs</p> <p>Ensuring fair access to services</p>	
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Table 4

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub-principles	Our evidence to support this principle
<p>Determining interventions</p> <p>Making sure decision makers receive objective and rigorous analyses of various options showing how intended outcomes would be achieved and associated risks, to achieve best value.</p> <p>Considering stakeholder feedback when making decisions about service improvements, or where services are no longer required, to prioritise competing demands and limited resources such as people, skills and land, and bearing in mind future impacts.</p>	<ul style="list-style-type: none"> • BA and partner/stakeholder working groups • Budget setting process • Chairman's briefing sessions • Chairs' Group • Financial Regulations and Standing Orders Relating to Contracts • Member working groups • Project boards for large partnership projects (e.g. CANAPE and Water, Mills & Marshes) • Public consultation responses informing strategic plan and policy reviews (e.g. Broads Plan, Broads Local Plan)
<p>Planning interventions</p> <p>Establishing and implementing robust planning and control cycles</p>	<ul style="list-style-type: none"> • Annual budget processes approved by BA with consultation by Navigation Committee • Financial Monitoring • Financial Strategy

<p>that cover strategic and operational plans, priorities and targets</p> <p>Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</p> <p>Considering and monitoring risks facing each partner when working collaboratively, including shared risks</p> <p>Having flexible and agile arrangements so mechanisms for delivering goods and services can adapt to changing circumstances</p> <p>Establishing appropriate key performance indicators (KPIs) as part of the planning process to identify how the performance of services and projects is to be measured</p> <p>Ensuring capacity exists to generate the information required to review service quality regularly</p> <p>Preparing budgets in accordance with objectives, strategies and the medium-term financial plan</p> <p>Informing medium- and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure, aimed at developing a sustainable funding strategy</p>	<ul style="list-style-type: none"> • Key Performance Indicator (KPI) annual reporting as part of National Park Authority monitoring process to Defra • Performance reporting to Committees • Regular monitoring undertaken by budget holders and Management Team and reported to committee • Review cycles for Broads Plan, guiding strategies (e.g. Integrated Access Strategy, Biodiversity & Water Strategy) and Broads Local Plan • Risk management (see principle F) • Corporate Risk Register review by Audit & Risk Committee
<p>Optimising achievement of outcomes</p> <p>Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints</p> <p>Ensuring the budgeting process is all-inclusive, taking into account</p>	<ul style="list-style-type: none"> • Annual setting of tolls in consultation with Navigation Committee and Member Working Group • Asset Management Strategy • Budget and 3-year Financial Strategy agreed by BA • Budget reports, management procedures and training • Budgets monitored by Audit & Risk Committee and BA • Capital, Treasury and Investment Strategy • Procurement Strategy and reference guide

<p>the full cost of operations over the medium and longer term</p> <p>Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues, or responses to changes in the external environment that may arise during the budgetary period, to achieve outcomes while optimising resource use</p> <p>Ensuring 'social value' through service planning and commissioning</p>	<ul style="list-style-type: none"> • Standing Orders Relating to Contracts
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Table 5

Principle E: Developing the Authority's capacity, including the capacity of its leadership and the individuals within it

Sub-principles	Our evidence to support this principle
<p>Developing capacity</p> <p>Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</p> <p>Improving resource use through techniques such as benchmarking</p> <p>Recognising the benefits of partnerships and collaborative working where added value can be achieved</p> <p>Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</p>	<ul style="list-style-type: none"> • Annual presentation to BA on major partnerships • Health and Safety policies and procedures • ICT Corporate Group review of ICT performance • Management Team decision in recruitment processes • Member and Officer induction and appraisal programmes • Strategic Risk Register review • Whistleblowing Policy for Officers (HR Policy 15)
<p>Developing leadership capacity</p> <p>Developing protocols to ensure elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship, and</p>	<ul style="list-style-type: none"> • Chief Finance Officer compliance with CIPFA Statement on the Role of the Chief Finance Officer in Local Government • Conditions of employment and HR policies

<p>that a shared understanding of roles and objectives is maintained</p> <p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p> <p>Ensuring the Chair and Chief Executive Officer have clearly defined and distinctive leadership roles within a structure whereby the CEO leads in implementing strategy and managing the delivery of services and other outputs set by members, and each provides a check and a balance for each other's authority</p> <p>Developing the capabilities of members and senior management to achieve effective leadership, and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks</p> <p>Having structures in place to encourage public participation</p> <p>Considering the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p> <p>Holding staff to account through regular performance reviews that take account of training or development needs</p> <p>Maintaining the health and wellbeing of the workforce and helping individuals to maintain their own physical and mental wellbeing</p>	<ul style="list-style-type: none"> • Contract management in respect of externally provided services • Data Protection Officer in place • Financial Regulations and Standing Orders • Member and Officer appraisal programmes, Member Development Protocol • Member workshops on key issues • Monitoring Officer appointed by BA • Scheme of Powers Delegated to Officers • Standing Orders for the Regulation of Authority Proceedings • Terms of Reference for Committees
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Table 6

Principle F: Managing risks and performance through robust internal controls and strong public finance management

Sub-principles	Our evidence to support this principle
<p>Managing risk</p> <p>Recognising risk management is integral to all activities and must be considered in all aspects of decision making</p> <p>Implementing robust and integrated risk management arrangements and making sure they work effectively</p> <p>Allocating clear responsibilities for managing individual risks</p>	<ul style="list-style-type: none"> • Business Continuity Plan • Corporate Risk Register (reviewed every 6 months and reported to Audit and Risk Committee) • Counter Fraud, Corruption and Bribery Strategy and Response Plan • Risk analysis in BA reports • Risk Management Policy
<p>Managing performance</p> <p>Effectively monitor service delivery including planning, specification, execution and independent post implementation review</p> <p>Making decisions based on relevant, clear objective analysis and advice, pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</p> <p>Ensuring an effective scrutiny or oversight function is in place that provides constructive challenge and debate on policies and objectives before, during and after decisions are made. This will help enhance the performance of the organisation and any other organisation (or committee system) for which it is responsible</p> <p>Effectively and constructively challenging and policies and objectives to support balanced and effective decision making</p> <p>Providing members and senior management with regular reports on</p>	<ul style="list-style-type: none"> • Audit and Risk Committee • Capital, Treasury and Investment Policy • Chairs' Group • Financial Monitoring • Financial Regulations and procedures • Management Team and Section Head reviews of Directorate work plans and budgets • Procurement Strategy • Regular finance reports to BA, Audit & Risk Committee and Navigation Committee • Risk and financial implications in reports to BA • Standing Orders Relating to Contracts • Statement of Accounts follows budget headings • Terms of Reference for Committees

<p>service delivery plans and on progress towards outcome achievement</p> <p>Ensuring consistency between specification stages (such as budgets) and post implementation reporting (such as financial statements)</p>	
<p>Developing robust internal control</p> <p>Aligning the risk management strategy and policies on internal control with achieving objectives</p> <p>Regularly evaluating and monitoring risk management and internal control</p> <p>Having effective counter fraud and anti-corruption arrangements in place</p> <p>Making sure that additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p> <p>Having an audit committee or equivalent group/function, independent of the executive and accountable to the governing body</p>	<ul style="list-style-type: none"> • Annual Governance Statement and Action Plan • Annual Internal Audit plans include key controls and corporate governance • Annual Report and Opinion provided by Head of Internal Audit with ref to governance, risk management and internal control arrangements • Audit and Risk Committee • Best Companies Index employee survey • Capital, Treasury and Investment Strategy • Codes of Conduct for Employees (HR Policy 2), for Members, and for Planning Committee Members Standing Orders Relating to Contracts • Counter Fraud, Corruption and Bribery Strategy and Response Plan • Disciplinary Procedures for Officers (HR Policy 11) • Effective internal audit function resourced and maintained • Financial Regulations, Contract Standing Orders and Procurement Strategy • Internal and external annual audit processes • Local Protocol on Member and Officer Relations • Procurement Strategy • Publication of reports and meeting minutes showing declarations of interest made • Risk Owners (e.g. reporting to Corporate Risk Register) • Scheme of Delegation of Powers to Officers • Standing Orders Relating to Contracts • Training for Members
<p>Managing data</p> <p>Having effective arrangements in place for the safe collection, storage, use and</p>	<ul style="list-style-type: none"> • Annual Governance Statement • Data and Information Retention Policy

<p>sharing of data, including processes to safeguard personal data</p> <p>Having effective arrangements in place and operating when sharing data with other bodies</p> <p>Regularly reviewing and auditing the quality and accuracy of data used in decision making and performance monitoring</p>	<ul style="list-style-type: none"> • Data Asset Register, privacy notices and Protection policy • Data Protection Officer (qualified Data Practitioner), data protection training to Members and Officers • Encryption of portable devices • IT security arrangements • Review of contracts to ensure data security provisions are incorporated • Statement of Accounts narrative report
<p>Having strong public financial management</p> <p>Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance</p> <p>Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</p>	<ul style="list-style-type: none"> • 3-year Financial Strategy • Annual budget and budget management procedures • Annual Business Plan • Annual Statement of Accounts • Asset Management Strategy • Capital, Treasury and Investment Strategy Chief Finance Officer compliance with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government • Earmarked reserves for long-term replacement of assets • External Audit reports • Financial Regulations and procedures • Financial statements • Reports to BA include financial and risk considerations

Table 7

Principle G: Implement good practice in transparency, reporting and audit to deliver effective accountability

Sub-principles	Our evidence to support this principle
<p>Implementing good practice in transparency</p> <p>Writing and communicating reports for public and other stakeholders in fair, balanced and understandable</p>	<ul style="list-style-type: none"> • Annual Governance Statement and Action Plan • Information published in respect of expenditure over £250 • Monthly data published on BA website in line with Local Government Transparency Code

<p>style, appropriate to the intended audience and easy to access and interrogate</p> <p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny, while not being too onerous to provide or for users to understand</p>	<ul style="list-style-type: none"> • Record of delegated decisions • Scheme of Delegation of Powers to Officers
<p>Implementing good practice in reporting</p> <p>Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</p> <p>Ensuring members and senior management own the results reported</p> <p>Ensuring robust arrangements for assessing the extent to which principles in this Framework have been applied, and publishing the results on this assessment, including action plan for improvement and evidence to demonstrate good governance (AGS)</p> <p>Apply Framework to jointly managed or shared service organisations as appropriate</p> <p>Ensure performance information that accompanies the financial statements on a consistent and timely basis and the statements allow for comparison with other, similar organisations</p>	<ul style="list-style-type: none"> • Annual Governance Statement and Action Plan • Broads Plan 6-monthly progress reports • S17 officer reporting requirements • Statements of Accounts narrative report • Strategic Direction reports (BA annual strategic priorities)
<p>Developing assurance and effective accountability</p> <p>Acting upon recommendations for corrective action made by external audit</p> <p>Ensuring an effective internal audit service with direct access to</p>	<ul style="list-style-type: none"> • Annual Governance Statement and Action Plan • Attendance of internal and external auditors at Audit and Risk Committee (ARC) • Audit actions formally logged, followed up and reported to ARC • Best Companies Index employee survey

<p>members is in place, providing assurance with regard to governance arrangements, and acting upon recommendations</p> <p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p> <p>Gaining assurance on risks associated with delivering services through third parties and evidencing this in the AGS</p> <p>When working in partnership, make sure arrangements for accountability are clear and the need for wider public accountability is recognised and met.</p>	<ul style="list-style-type: none"> • Corporate and Directorate Risk Registers • Follow up of internal audit recommendations by Chief Finance Officer and periodically reported to ARC • Head of Internal Audit compliance with CIPFA Statement on the Role of the Head of Internal Audit • Internal audit function delivered by contract and meets PSIAS requirements • Peer Review (2017) and Action Plan (reviewed 2019/20)
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Audit and Risk Committee

20 July 2021

Agenda item number 9

External Audit – Audit Plan

Report by Chief Financial Officer

Summary

This report appends the provisional Audit Plan for the 2020/21 audit.

Recommendation

That the Audit Plan is noted.

1. Introduction

- 1.1. The provisional Audit Plan for the 2020/21 audit by Ernst and Young (EY) is appended to this report. The plan sets out the work which the auditors propose to undertake for the audit of the financial statements and the value for money conclusion for 2020/21.
- 1.2. A representative from EY will be attending the meeting to introduce the Audit Plan and answer any questions.

2. Identification of Significant Risks

- 2.1. The Audit Plan takes a risk-based approach to audit planning and identifies significant risks in 2020/21, these relate to misstatements due to fraud or error. This includes the incorrect capitalisation of revenue expenditure. These risks are consistent to the risks presented for 2019/20.
- 2.2. Other risks identified are the valuation of land and buildings, the pension liability valuation and going concern assessment and disclosure. These are also consistent with last year's audit.
- 2.3. There is one new area of audit focus for 2020/21 which relates to bad debt provision and recoverability of receivables. This is as a result of the impact of Covid-19. As the Statement of Accounts for 2020/21 there has been no provision for bad debts. The audit will consider the recoverability of debts through testing a sample of trade receivables.
- 2.4. The audit approach to these risks, audit focus and value for money is set out in section two and three of the Audit Plan.

3. Financial implications

- 3.1. Page 35 of Appendix 1 provides an overview of the scale fee chargeable (£10,736) which is consistent with the scale fee charged for 2019/20. This is what has been included in the 2020/21 budget. Members' attention is drawn to the changes in work required (£33,963), which is consistent with last year's fee request. This remains with the PSAA for determination.

Author: Emma Krelle

Date of report: 05 July 2021

Appendix 1 – Broads Authority Audit Plan – Client 23 June 2021

Broads Authority

Provisional Audit Plan

Year ending 31 March 2021

23 June 2021

23 June 2021

The Members
Audit & Risk Committee
Broads Authority
Yare House
62-64 Thorpe Road
Norwich NR1 1RY



Dear Committee Members

2020/21 Provisional Audit Plan

We are pleased to attach our outline Audit Plan report for the forthcoming meeting of the Audit & Risk Committee. The purpose of this report is to provide the Committee with a basis to review our proposed audit approach and scope for the 2020/21 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's new 2020 Code of Audit Practice, the auditing standards and other professional requirements. It also aims to ensure that our audit is aligned with the Committee's service expectations.

This Provisional Audit Plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority and outlines our planned audit strategy in response to those risks. Our planning procedures remain ongoing; we will inform the Audit & Risk Committee if there any significant changes or revisions once we have completed these procedures and will provide an update to the next meeting of the Committee.

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

We welcome the opportunity to discuss this report with you on 20 July 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

MARK HODGSON

Associate Partner

For and on behalf of Ernst & Young

Contents



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

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

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



01

Overview of our 2020/21 audit strategy



Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit & Risk Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Incorrect capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Linking to the management override risk above we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment (PPE) as a specific fraud risk, as this is one area where the management override risk could manifest itself, given the extent of the Authority's capital programme.
Valuation of Property, Plant & Equipment	Inherent risk	No change in risk or focus	The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Authority's accounts and are estimates which are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.
Pension Liability Valuation	Inherent risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Norfolk County Authority. The Authority's pension fund liability (£8.731 million as at 31 March 2020) is a material estimate and the Code requires that the liability be disclosed on the Authority's balance sheet.
Bad debt provision and recoverability of receivables	Inherent Risk	New inherent risk	As a result of the impact of Covid-19, there may be increased uncertainty around the recoverability of receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Authority to revisit their provision for bad debt calculation in light of Covid-19 and assess the appropriateness of this estimation technique.

Overview of our 2020/21 audit strategy

Audit risks and areas of focus			
Risk / area of focus	Risk identified	Change from PY	Details
Going concern assessment and disclosure	Area of focus	No change in risk or focus	The financial landscape for the Council remains challenging and management will need to prepare a going concern assessment covering a period up to 12 months from the expected date of the financial statements authorisation. The Council will also need to make an appropriate disclosure in the financial statements. In addition, the revised auditing standard on going concern requires additional challenge from auditors on the assertions being made by management.

Accounting estimates

In addition to the above risks and areas of focus, a revised auditing standard has been issued in respect of the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required. See page 15 for further details of the revised auditing standard.

Overview of our 2020/21 audit strategy

Materiality

Planning
materiality

£0.185m

We have set materiality at £0.185 million for the financial statements which represents 2% of the prior years gross revenue expenditure on provision of services. The use of 2% of gross revenue expenditure is in line with the prior year and is our maximum threshold for local authorities reflecting the higher profile of local government financial resilience and financial reporting.

Performance
materiality

£0.139m

We have set performance materiality at £0.193 million which represents 75% of materiality reflecting the lower level of errors we detected in the 2019/20 financial statements.

Audit
differences

£9,260

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement) greater than £9,260. We will communicate other misstatements identified will be communicated to the extent that they merit the attention of the Audit & Risk Committee.

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with our audit opinion on the Authority for 2020/21. We are also required to report a commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03, highlighting the changes included in the NAO's Code of Audit Practice 2020.

We will also review and report to the NAO, to the extent and in the form required by them, on the Whole of Government Accounts submission. We intend to take a substantive audit approach. When planning the audit we take into account key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes; Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Authority. Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response. The fees we have included in Section 08 reflect the work we need to undertake to address the risks we have currently identified. We will continuously review and update as necessary our understanding of your risks and discuss with management and the Audit & Risk Committee any significant changes.

Overview of our 2021 audit strategy

Value for money conclusion

One of the main changes in the NAO's 2020 Code is in relation to the value for money conclusion. We include details in Section 03 but in summary:

- ▶ We are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- ▶ Planning on VFM and the associated risk assessment is now focused on gathering sufficient evidence to enable us to document our evaluation of the Authority's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- ▶ We will be required to provide a commentary on the Authority's arrangements against three reporting criteria:
 - Financial sustainability - How the Authority plans and manages its resources to ensure it can continue to deliver its services;
 - Governance - How the Authority ensures that it makes informed decisions and properly manages its risks; and
 - Improving economy, efficiency and effectiveness - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.
- ▶ Within the Audit Opinion we will still only report by exception where we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- ▶ The commentary on arrangements will be included in a new Auditor's Annual Report which we will be required to issue at a date to be determined by the NAO.

Timeline

MHCLG have provided a revised date for the Authority to publish its draft accounts to 1 August 2021 and as part of their response to the Redmond Review, MHCLG have confirmed that for 2020/21 that target date for audited accounts would be 30 September 2021. We have communicated with the Chief Finance Officers for all local authorities in the East of England to share our proposal to phase the delivery of the 2020/21 audits by the end of the year. In Section 07 we therefore include a provisional timeline for the audit of the Broads Authority.

Fees

We remain in discussion with PSAA about our proposed increase to the scale fee which we consider to be appropriate to deliver a Code compliant audit. We include in Section 08, our current view of the fees required to carry out the 2020/21 audit. We will update the Committee on any determinations by PSAA on fees.



02 Audit risks



Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error *

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Inquire of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understand the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consider of the effectiveness of management's controls designed to address the risk of fraud.

Perform mandatory procedures regardless of specifically identified fraud risks, including:

- ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- ▶ Assessing accounting estimates for evidence of management bias, and
- ▶ Evaluating the business rationale for significant unusual transactions.

We will utilise our data analytics capabilities to assist with our work.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that only those procedures included under 'Inappropriate capitalisation of revenue expenditure' and 'inappropriate claim under the Local Government income compensation scheme' are required.

Audit risks

Our response to significant risks

Inappropriate capitalisation of revenue expenditure*

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

- ▶ Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.
- ▶ Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.

If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant & Equipment (PPE) additions and/or Revenue Expenditure Financed as Capital Under Statute (REFCUS) in the financial statements.

What is the risk?

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

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

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

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Test PPE additions, and REFCUS if material, to ensure that the expenditure incurred and capitalised is clearly capital in nature or appropriate to be treated as REFCUS.
- ▶ Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

We will utilise our data analytics capabilities to assist with our work, including journal entry testing. We will assess journal entries more generally for evidence of management bias and evaluate for business rationale.

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the area of focus?	What will we do?
<p>Valuation of Property, Plant & Equipment - Inherent Risk</p> <p>The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Authority's accounts and is subject to valuation changes, impairment reviews and depreciation charges.</p> <p>Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Consider the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▶ Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre); ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; ▶ Review assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated; ▶ Consider changes to useful economic lives as a result of the most recent valuation; and ▶ Test accounting entries have been correctly processed in the financial statements.

Other areas of audit focus (continued)

What is the risk/area of focus?	What will we do?
<p>Pension Liability Valuation & Pensions Assets - Inherent Risk</p> <p>The Authority makes extensive disclosures within its financial statements regarding its membership of Pension Scheme administered by Norfolk County Authority. At 31 March 2021 the liability totalled £8.73 million.</p> <p>The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the County Authority.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf.</p> <p>We undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Liaise with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Broads Authority; ▶ Assess the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used, by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and by considering any relevant reviews by the EY actuarial team; and ▶ Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19 considering fund assets and the Authority's liability.
<p>Bad debt provision and recoverability of receivables - Inherent Risk</p> <p>As a result of the impact of Covid-19, there may be increased uncertainty around the recoverability of receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Authority to revisit their provision for bad debt calculation in light of Covid-19 and assess the appropriateness of this estimation technique.</p> <p>Given that there might be some subjectivity to the recoverability of debtors the Authority will need to consider the level of any provision for bad debts. We have therefore raised as an inherent risk in our audit strategy.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Review the calculation of the bad debt provision for reasonableness and accuracy; and ▶ Consider the recoverability of debts in testing a sample of trade receivables.

Other areas of audit focus (continued)

What is the risk/area of focus?	What will we do?
<p>Going concern Assessment and Disclosure - Area of Focus</p> <p>There is a presumption that the Authority will continue as a going concern for the foreseeable future. However, the Authority is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 on the Authority's day to day finances, its annual budget, its cashflow and its medium term financial strategy, there is a need for the Authority to ensure its going concern assessment is thorough and appropriately comprehensive.</p> <p>The Authority is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.</p> <p>In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit.</p>	<p>We will meet the requirements of the revised auditing standard on going concern (ISA 570) and consider the adequacy of the Authority's going concern assessment and its disclosure in the accounts by:</p> <ul style="list-style-type: none"> • Challenging management's identification of events or conditions impacting going concern. • Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias). • Reviewing the Authority's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern. • Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern. • Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.



Audit risks

Other areas of audit focus (Continued)

What is the risk/area of focus?

Auditing accounting estimates

ISA 540 (Revised) - Auditing Accounting Estimates and Related Disclosures applies to audits of all accounting estimates in financial statements for periods beginning on or after December 15, 2019.

This revised ISA responds to changes in financial reporting standards and a more complex business environment which together have increased the importance of accounting estimates to the users of financial statements and introduced new challenges for preparers and auditors.

The revised ISA requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we expect the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area.

The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required, particularly in cases where an accounting estimate and related disclosures are higher on the spectrum of inherent risk. For example:

- We may place more emphasis on obtaining an understanding of the nature and extent of your estimation processes and key aspects of related policies and procedures. We will need to review whether controls over these processes have been adequately designed and implemented in a greater number of cases.
- We may provide increased challenge of aspects of how you derive your accounting estimates. For example, as well as undertaking procedures to determine whether there is evidence which supports the judgments made by management, we may also consider whether there is evidence which could contradict them.
- We may make more focussed requests for evidence or carry out more targeted procedures relating to components of accounting estimates. This might include the methods or models used, assumptions and data chosen or how disclosures (for instance on the level of uncertainty in an estimate) have been made, depending on our assessment of where the inherent risk lies.
- You may wish to consider retaining experts to assist with related work. You may also consider documenting key judgements and decisions in anticipation of auditor requests, to facilitate more efficient and effective discussions with the audit team.
- We may ask for new or changed management representations compared to prior years.



03

Value for Money Risks





Value for money

The Authority's responsibilities for value for money

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

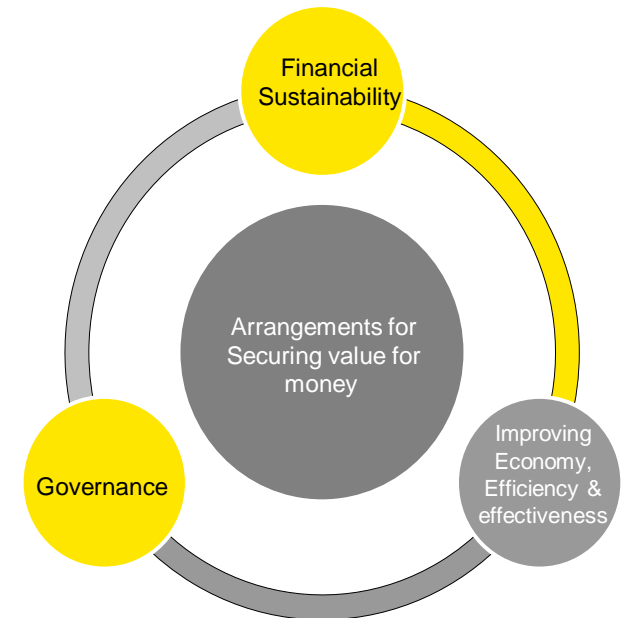
As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailor's the content to reflect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

Auditor responsibilities under the new Code

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

The specified reporting criteria are:

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





Value for money

Planning and identifying VFM risks

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

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

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

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

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

We should also be informed by a consideration of:

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



Value for money

Responding to identified risks

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

Reporting on VFM

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

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

Status of our 2020/21 VFM planning

We have yet to commence our detailed VFM planning. However, one area of focus will be on the arrangements that the Authority has in place in relation to financial sustainability in light of the impact of Covid-19 on the Authority's finances. We have not at the time of our issuing of this Provisional Audit Plan identified any significant risks in respect of Value for Money.

We will update the Committee on the outcome of our VFM planning and our planned response to any identified risks of significant weaknesses in arrangements.



04

Audit materiality



Materiality

Materiality

For planning purposes, planning materiality for 2020/21 has been set at £0.185 million for the Authority's financial statements. This represents 2% of the Authority's prior year gross revenue expenditure (GRE) on provision of services. It will be reassessed throughout the audit process. We consider that gross expenditure on the provision of services is the area of biggest interest to the users of the Authority's accounts.



We request that the Audit & Risk Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.139 million for the financial statements which represents 75% of planning materiality. This reflects the relatively lower level of error detected in our 2019/20 financial statements audit.

Audit difference threshold - we propose that misstatements identified below this threshold of £9,260 are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit & Risk Committee, or are important from a qualitative perspective.

Specific materiality - We have set a lower materiality for Senior Officer's Remuneration, Members' Allowances and Exit Packages disclosures which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



05 Scope of our audit



Scope of our audit

Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's financial statements and, by exception, where we are not satisfied that the Authority had established arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, we are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Scope of our audit

Audit Process overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated. . Although we are therefore not intending to rely on individual system controls in 2019/20, the overarching control arrangements form part of our assessment of your overall control environment and will form part of the evidence for your Annual Governance Statement.

Analytics

We will use our analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

Internal audit

As in prior years we will review Internal Audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



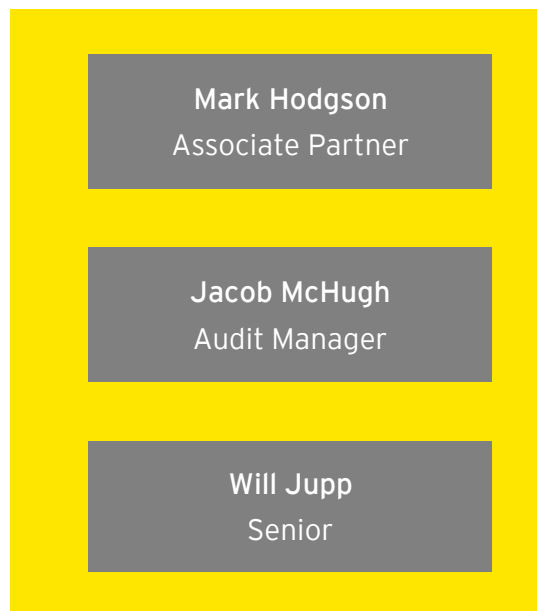
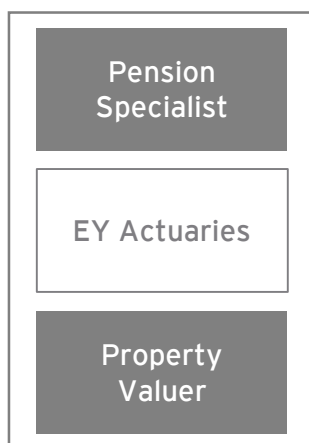
06

Audit team



Audit team

Audit team structure:



Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2020/21 audit.

We will continue to keep our audit approach under review to streamline it where possible.

The engagement team is led by Mark Hodgson. Mark has significant public sector audit experience, with a portfolio of Local Authorities and Local Government Pension Funds and is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA).

Mark is supported by Jacob McHugh, who will be taking on the role of Audit Manager. Amalia is responsible for the day-to-day direction of audit work and is the key point of contact for the chief accountant. The day to day audit team will be lead by Will Jupp, Senior.

Use of specialists

Our approach to the involvement of specialists, and the use of their work.

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Pensions disclosure	EY Actuaries PwC (Consulting Actuary to PSAA) and Hymans Robertson (the Authority's actuary)
Property, Plant and Equipment	The Broads Authority's property valuers (NPS). We will also consider any valuation aspects that may require EY valuation specialists to review any material specialist assets and the underlying assumptions used.
Fair Value Investment Measurement	The Authority's Treasury Advisor if relevant.

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline



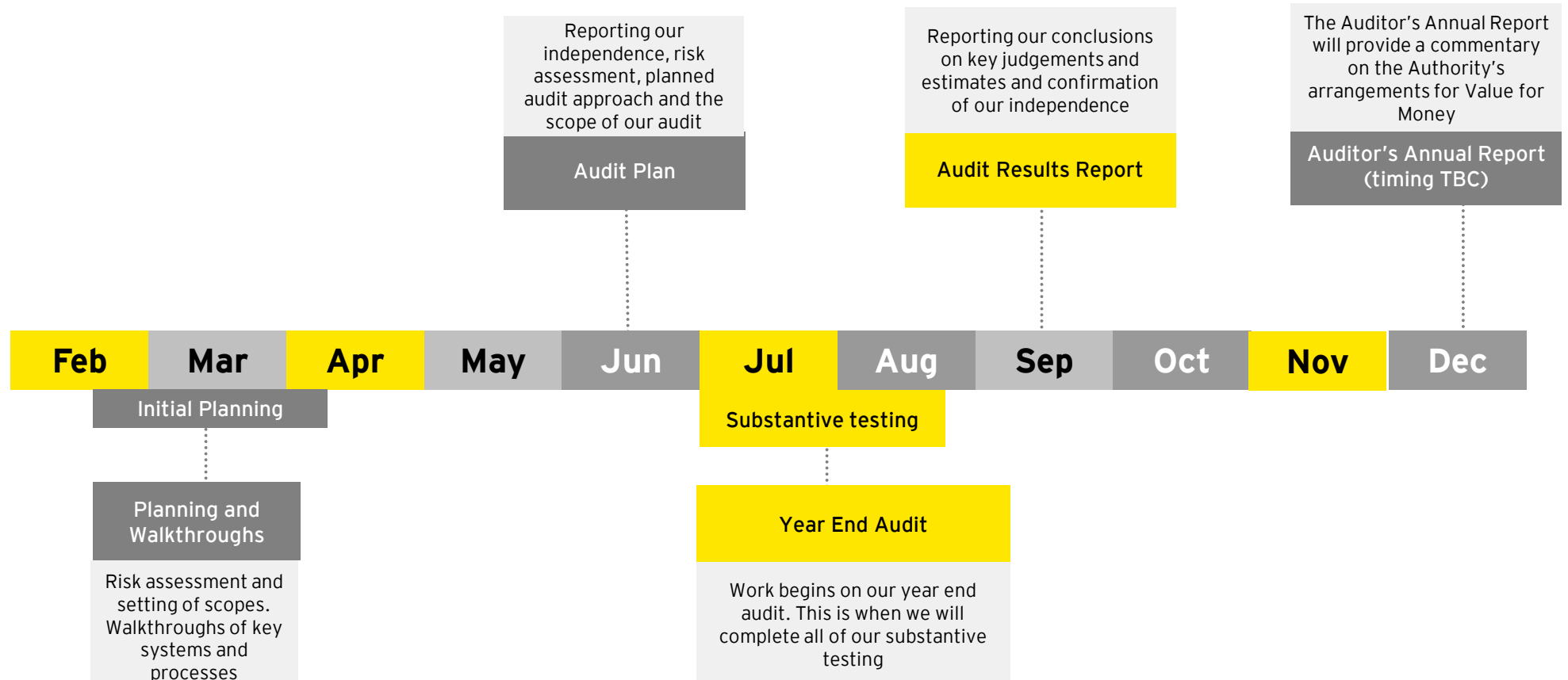


Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2020/21. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit/additional services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your audit engagement partner, and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Other communications

EY Transparency Report 2020

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2020 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2020>



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2020/21	Scale fee 2020/21	Final Fee 2019/20
	£'s	£'s	£'s
Total Fee - Code work	10,736	10,736	10,736
Changes in work required to address professional and regulatory requirements and scope associated with risk (see Note 1)	33,963		33,963
Audit of the group account consolidation			
Revised Proposed Scale Fee	44,699	10,736	44,699
Additional work:			
2019/20 Additional Procedures required and as reported within the Annual Audit Letter (Note 2)	-	-	6,588
2020/21 Additional Procedures required in response to the additional risks identified in this Audit Plan in respect of:	Note 3	-	
<ul style="list-style-type: none"> Accounting for Covid-19 related procedures including the Recoverability of Receivables, Going Concern. 			
Total fees	TBC	10,736	51,287

All fees exclude VAT

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




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

Note 3 - We cannot quantify the impact of any work resulting as a response to C-19 risks in 2020/21 at this point. We will provide an update on the additional fee implications at the conclusion of the audit.




Appendix B

Required communications with the Audit & Risk Committee

We have detailed the communications that we must provide to the Audit & Risk Committee.




		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Audit & Risk Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Provisional Audit Plan, July 2021 meeting of the Audit and Risk Committee.
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report, September 2021 meeting of the Audit and Risk Committee.

Required communications with the Audit & Risk Committee (continued)

Required communications	 What is reported?	  When and where
Public Interest Entities	<p>For the audits of financial statements of public interest entities our written communications to the Audit Committee include:</p> <ul style="list-style-type: none"> ▶ A declaration of independence ▶ The identity of each key audit partner ▶ The use of non-member firms or external specialists and confirmation of their independence ▶ The nature and frequency of communications ▶ A description of the scope and timing of the audit ▶ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits ▶ Materiality ▶ Any going concern issues identified ▶ Any significant deficiencies in internal control identified and whether they have been resolved by management ▶ Actual or suspected non-compliance with laws and regulations identified relevant to the Audit Committee ▶ The valuation methods used and any changes to these including first year audits ▶ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▶ The identification of any non-EY component teams used in the group audit ▶ The completeness of documentation and explanations received ▶ Any significant difficulties encountered in the course of the audit ▶ Any significant matters discussed with management ▶ Any other matters considered significant 	<p>Provisional Audit Plan, July 2021 meeting of the Audit and Risk Committee.</p> <p>and</p> <p>Audit Results Report, September 2021 meeting of the Audit and Risk Committee.</p>




Appendix B

Required communications with the Audit & Risk Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report, September 2021 meeting of the Audit and Risk Committee.
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit Results Report, September 2021 meeting of the Audit and Risk Committee.
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit Results Report, September 2021 meeting of the Audit and Risk Committee.
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report, September 2021 meeting of the Audit and Risk Committee.




Appendix B

Required communications with the Audit & Risk Committee (continued)

Required communications	 What is reported?	 Our Reporting to you
		 When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2016:</p> <ul style="list-style-type: none"> ▶ Relationships between EY, the Authority and senior management, its affiliates and its connected parties ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence and related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Details of any contingent fee arrangements for non-audit services ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The Audit Committee should also be provided an opportunity to discuss matters affecting auditor independence 	Provisional Audit Plan, July 2021 Audit and Risk Committee and Audit Results Report, September 2021 Audit and Risk Committee

Appendix B

Required communications with the Audit & Risk Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report, September 2021 meeting of the Audit and Risk Committee.
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of 	Audit Results Report, September 2021 meeting of the Audit and Risk Committee.
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report, September 2021 meeting of the Audit and Risk Committee.
Representations	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Letter of Representation to be received shortly after year-end.
Material inconsistencies and misstatements	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report, September 2021 meeting of the Audit and Risk Committee.
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report, September 2021 meeting of the Audit and Risk Committee.

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Audit Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and Maintaining auditor independence.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the locations at which we conduct audit procedures to support the opinion given on the financial statements; and the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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Audit and Risk Committee

20 July 2021

Agenda item number 10

Draft Statement of Accounts 2020/21

Report by Chief Financial Officer

Summary

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

Recommendation

To be noted.

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1. Introduction

- 1.1. In the Financial Performance and Direction report to the Authority on 30 April 2021, there were draft figures for 2020/21 that provided for a consolidated surplus of £209,219. At the meeting, a verbal update was provided that some additional year end adjustments had been made and the surplus had decreased slightly to £182,568. These figures were then used in the production of the draft Statement of Accounts, which were signed and published on our website on 17 June 2021. This is slightly later than indicated in the above report, mainly due to additional land valuations being required to be completed by the property consultants.

2. Changes to the 2020/21 Accounts

- 2.1. There have been no significant changes to this year's accounts. The cashflow statement has been restated for 2019/20 to reflect the correct treatment of the proceeds of the

property, plant and equipment sale. This can be found on page 19 of the Statement of Accounts and affects the second line in the table (Adjustments to net surplus or deficit on the provision of services for non-cash movements) and the fifth line (Investing Activities). This also means that note 21 (page 53) has been restated. The restatement has not affected the closing position.

- 2.2. As with previous years, Table 1 below has been produced to help members understand the additional adjustments made at year end.

Table 1

Summary Income and Expenditure 2020/21

Income and Expenditure	Operations £000's	Strategic Services £000's	Chief Executive £000's	HLF & CANAPE £000's	Corporate Amounts £000's	Total £000's
Fees, charges and other service income	(156)	(443)	(30)	(628)	(3,408)	(4,665)
Contribution from reserves	0	0	0	0	(176)	(176)
Government Grants	0	0	0	0	(3,414)	(3,414)
Total Income	(156)	(443)	(30)	(628)	(6,998)	(8,255)
Employee expenses	2,209	1,445	819	160	131	4,764
Other services expenses	1,607	457	673	571	0	3,308
Total Expenditure	3,816	1,902	1,492	731	131	8,072
Net Expenditure	3,660	1,459	1,462	103	(6,867)	(183)

Table 2

Summary of adjustments

Adjustments	Amounts £000's
Net Expenditure	(183)
Amounts in the Comprehensive Income and Expenditure Statement (CIES) not reported to management	771
Amounts included in Table 1 not in the CIES	2,977
Cost of Services in the CIES	3,565

- 2.3. Items in the amounts included in the CIES not reported to management include year-end adjustments for the Pension Scheme. The Accounts are adjusted to reflect the difference between the actual costs as assessed by the Actuary and the contributions paid over during the year. Further adjustments are also made for untaken staff leave, depreciation and movements on the revaluations of fixed assets.
- 2.4. The main adjustments in the third line, which is in the analysis above but not the Comprehensive Income and Expenditure Statement, is the removal of the DEFRA grant, interest and investment income and interest payable. These items are added back in the lines under the cost of services. Further adjustments relate to the accounting treatment of capital expenditure, reserve expenditure and finance leases.
- 2.5. Table 3 below analyses these adjustments in more detail and agrees back to the Comprehensive Income and Expenditure Statement on page 16 in the Statement of Accounts.

Table 3

Detailed adjustments

Income and Expenditure type	Service Analysis £000's	Not reported to Management £000's	Not included in the CIES £000's	Net Cost of Services £000's	Other operating expenditure, financing & investment income and Government Grant £000's	Deficit on the Provision of Services £000's
Fees, charges and other service income	(4,643)	0	0	(4,643)	0	(4,643)
Interest and investment income	(22)	0	22	0	(22)	(22)
Contributions from earmarked reserves	(176)	0	(207)	(383)	0	(383)
Government Grants	(3,414)	0	3,414	0	(3,414)	(3,414)
Total Income	(8,255)	0	3,229	(5,026)	(3,436)	(8,462)
Employee expenses	4,764	419	0	5,183	205	5,388
Other service expenses	3,279	0	(223)	3,056	0	3,056
Depreciation, amortisation & revaluation	0	352	0	352	0	352
Interest payments	29	0	(29)	0	29	29
Gain on disposal of Assets	0	0	0	0	(9)	(9)
Total Operating Expenditure	8,072	771	(252)	8,591	225	8,816
(Surplus)/Deficit on the Provision of Services	(183)	771	2,977	3,565	(3,211)	354

3. Balance Sheet

- 3.1. This year the Balance Sheet has continued to remain at a net liability position; at the end of 2020/21 it was £4,413,000. This is an increase from the 2019/20 position of £221,000. As with previous years, the cause of this is the movement in the Pension Fund liability, which has increased by £4,631,000. The pension fluctuations are due to the changes in financial assumptions as calculated by the actuary. The fund also seeks to maintain contributions at a consistent rate to minimise the impact on the Authority's cash flows. The Authority makes additional contributions to the fund to reduce the deficit over the next 20 years. Funding levels are monitored on an annual basis, whilst the contributions and the annual deficit payments are recalculated as part of triennial valuation. Additional information about the Pension Fund Assets and Liabilities can be found within the Statement of Accounts under Note 31.
- 3.2. The bottom section of the Balance Sheet on page 18 splits the reserves between useable and unusable reserves. The useable reserves can be used to fund future operating expenditure, while the unusable reserves are kept to manage accounting processes such as unrealised gains or acquisitions of Fixed Assets and the movements on the Pension Reserve.
- 3.3. The closing position on the National Park (General), Navigation and Earmarked reserves remain at the same levels as verbally reported on 30 April 2021. The individual balances that make up the Earmarked reserve can be found within the Statement of Accounts under note 10, page 40. The year end balances of the reserves are:
- National Park £913,595;
 - Navigation £913,595;
 - Earmarked £2,338,470 of which £952,346 relates to Navigation.

4. Annual Governance Statement

- 4.1. The Accounts and Audit (England) Regulations 2015 contain a requirement that an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, must be approved by the relevant body and must accompany the Statement of Accounts. The Annual Governance Statement is on today's agenda at item 8. After consideration at this meeting, it will be presented to the Broads Authority on 23 July 2021 and made available on the website.

5. Audit of the Statement of Accounts

- 5.1. The Authority's external auditors, Ernst & Young (EY) are scheduled to carry out the audit between 19 July and 13 August 2021. At the time of writing the audit has yet to start, and a verbal update will be provided at today's meeting on initial progress. A copy of their audit plan is at agenda item 9.

- 5.2. At this stage it is still anticipated that the final Statement of Accounts will be presented to this committee on 21 September for consideration prior to approval by the Broads Authority on 24 September, subject to any amendments.

6. Financial implications

- 6.1. The Statement of Accounts for 2020/21 shows revenue reserves of £1,827,190 (National Park (general) reserves £913,595, Navigation reserves £913,595) that are considered to be adequate. The National Park reserve at the end of 2020/21 stands at 27% of net expenditure, while the Navigation reserve is 28%. This is higher than the Financial Strategy forecast for the end of 2020/21. This is in part due to two reasons - the transfer of £250,000 between the two reserves, and the carry forwards.
- 6.2. The impact of COVID-19 has seen increased numbers of visitors to the Broads due to the increased popularity of a “staycation”. To increase the safety of the visitors, it was agreed with DEFRA that a transfer would be made at the end of the financial year to cover the costs of these additional safety measures over the next two years. However, it should be noted that once the £250,000 is spent during 2021/22 and 2022/23 this reduces the reserve balance to 13% at the end of 2022/23 based on the current Financial Strategy.
- 6.3. The carry forwards of £93,392 (national park £15,421, navigation £77,971) approved at the April meeting was effectively expenditure that should have been occurred in 2020/21 but for reasons beyond the Authority’s control meant they were delayed until 2021/22.
- 6.4. The outturn figures for 2020/21 and the 2021/22 level of tolls received will be assessed for their impact on the overall level of reserves, and will be taken into account in future budgeting proposals and when making decisions about income and expenditure in 2021/22.

Author: Emma Krelle

Date of report: 16 June 2021

Appendix 1 – Draft Statement of Accounts 2020/21

Broads Authority

Draft Statement of Accounts 2020/21

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Narrative report

Introduction

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

About the Broads Authority

The Broads Authority was established by the Norfolk and Suffolk Broads Act 1988.

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

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

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

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

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

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

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

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

that, taking one year with another, expenditure on navigation matters is equal to navigation income.

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

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

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

[Strategic direction: Draft Annual Business Plan 2021/22 and strategic priorities update \(broads-authority.gov.uk\)](#)

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

- Sustainable - we take the long-term view, are passionate about our environment and its ability to provide for a vibrant local economy and the well-being of local people;
- Exemplary - we strive for excellence in all we do. We are ambitious, innovative and lead by example;
- Commitment - we are committed to making a difference to the Broads for the benefit of all, and will have the courage of our convictions when faced with difficult issues;
- Caring - we are considerate and respectful of each other, working together to provide the best service we can; and
- Open and Honest - we are open, honest and inclusive in our communication and in making decisions. We are approachable and available, reaching out to all groups.

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

Governance

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

[Broads Authority - 23 July 2021 \(broads-authority.gov.uk\)](#)

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

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

Operational model

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

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

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

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

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

Risks

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

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

[Corporate-Risk-Register-update.pdf \(broads-authority.gov.uk\)](#)

Review of Corporate Risk Register

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

Opportunities

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

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

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

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

Strategy and resource allocation

The current Financial Strategy was drawn up having regard to the Authority's grant settlement and the priorities in the Broads Plan. It sets out a prudent strategy for managing the limited resources available in order to build on the work underway across the organisation and to continue to deliver the Authority's key priorities over the next three years. The focus in developing the Financial Strategy has been to deliver the maximum possible efficiencies and savings in order to minimise the impact on front-line activity. The Authority recognises that without its employees continued commitment and hard work this would not be possible.

In developing the Financial Strategy, a number of assumptions have been made in respect of National Park Grant allocations, future boat numbers and the level of staff pay inflation. The Strategy follows the general principle that the Authority should seek to maintain the general (National Park) reserve at a minimum of £100,000 plus 10% of net expenditure, and the navigation reserves at a minimum of 10% of net expenditure. It also expects that General and Navigation income and expenditure should be broadly in balance across the life of the Financial Strategy. The outbreak of COVID during 2020 has seen the Authority committed to review its reserves policy during 2021 to ensure that the set minimums are appropriate in order to survive any future pandemics.

On 20 November 2007, the Authority took out a £290,000 loan from the Public Works Loan Board (PWLb). The repayment period of the loan is 20 years at a fixed interest rate of 4.82%, repayable by equal instalments of principal. The Public Works Loan Board has advised that the fair value of the debt as at 31 March 2021 is £109,892.

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

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

Performance

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

General (National Park) Income and Expenditure

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

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

Navigation Income and Expenditure

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

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

The Statement of Accounts consolidates these results and the combined figures are found in the Comprehensive Income and Expenditure Statement (CIES) and the Expenditure Funding Analysis (EFA). The CIES can be found on page 16 and the EFA on page 15.

Outlook

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

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

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

There are a significant number of variables – and some unknown quantities, such as future inflation – which could impact on these figures. The Financial Strategy will therefore be reviewed and updated by the Authority, having regard to any changes in circumstances and the annual outturn figures, at its meeting in January 2022. The annual toll increase for 2021/22 was set at 4% for all vessels. When setting the future strategy, the Authority will continue to consult with the Navigation Committee. 2021/22 continues to focus on the development of partnership work. This incorporates an external display project in Norwich. Work will also continue with partners to help shape the future of payments to farmers and land managers post Brexit, which will include a new scheme administered by the Broads Authority (Farming in Protected Landscapes). Climate change remains a threat to the Broads. Broadland Futures Initiative, in collaboration with the Environment Agency, will continue the engagement work with stakeholders.

Changes to the 2020/21 Accounts

The cashflow statement has been restated for 2019/20 to reflect the correct treatment for the proceeds of the property, plant and equipment sale. This has also meant that note 21, cashflow statement for investing activities has also been restated.

The accounting statements

The Broads Authority's accounts for the year 2020/21 are set out on pages 12 to 77. They consist of:

Statement of Responsibilities for the Statement of Accounts

Statement of Corporate Governance

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

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

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

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

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

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

The information included in these accounts incorporates spending relating to the Broads Navigation. The Navigation income and expenditure is separately accounted for in the records to ensure the proper control of income from toll payers and to ensure it is spent primarily to benefit the users of the navigation. Navigation income and expenditure is shown in full at note 35 on page 77.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

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

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

Chief Financial Officer's Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Broads Authority at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

Emma Krelle (Chief Financial Officer)

Certificate of Committee Resolution

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

Signed on behalf of The Broads Authority:

(Chair of meeting approving the accounts)

Date

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

Expenditure and Funding Analysis

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

2019/20 Net expenditure chargeable to the General and navigation fund balances £000	2019/20 adjustments between the funding and accounting basis £000	2019/20 Net expenditure in the comprehensive income and expenditure statement £000	Function	2020/21 Net expenditure chargeable to the General and navigation fund balances £000	2020/21 adjustments between the funding and accounting basis £000	2020/21 Net expenditure in the comprehensive income and expenditure statement £000
1,257	207	1,464	Operations	1,303	132	1,435
1,286	210	1,496	Strategic Services	1,064	139	1,203
720	63	783	Chief Executive	757	42	799
57	(26)	31	Corporate Amounts	74	0	74
(232)	424	192	Broads Navigation Account	(170)	224	54
3,088	878	3,966	Net cost of services (subtotal)	3,028	537	3,565
(3,463)	269	(3,194)	Other income and expenditure	(3,417)	206	(3,211)
(375)	1,147	772	Surplus or (Deficit)	(389)	743	354
(1,490)			Opening general and navigation fund balance	(1,658)		
(375)			Less/plus surplus or (deficit) on general and navigation balance in year	(389)		
207			Transfer (to)/from earmarked reserves	220		
(1,658)			Closing general and navigation fund balance at 31 March	(1,827)		

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

Comprehensive Income and Expenditure statement

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

2019/20 Gross expenditure £000	2019/20 Income £000	2019/20 Net expenditure/ (income) £000	Description	Note	2020/21 Gross expenditure £000	2020/21 Income £000	2020/21 Net expenditure/ (income) £000
2,187	(723)	1,464	Operations		2,002	(567)	1,435
2,026	(530)	1,496	Strategic Services		1,685	(482)	1,203
821	(38)	783	Chief Executive		821	(22)	799
31	0	31	Corporate Items		74	0	74
3,884	(3,692)	192	Broads Navigation Account	35	3,594	(3,540)	54
8,949	(4,983)	3,966	Cost of services (subtotal)		8,176	(4,611)	3,565
		12	(Gains)/Losses on the disposal of non-current assets				(9)
		262	Financing and investment income and expenditure	11			212
		(3,414)	DEFRA National Park grant income				(3,414)
		(54)	Donated Asset	26			0
		772	(Surplus) or deficit on provision of services (subtotal)				354
		(118)	(Surplus) or deficit on revaluation of fixed assets				(175)
		(3,052)	Actuarial (gains)/losses on pension assets/liabilities				4,014
		(3,170)	Other comprehensive income and expenditure (subtotal)				3,839
		(2,398)	Total comprehensive income and expenditure				4,193

Movement in reserves statement

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

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

2020/21	General fund and navigation fund balance £000	Capital receipts reserve £000	Earmarked reserves £000	Total useable reserves £000	Unusable reserves £000	Total Authority reserves £000
Balance at 31 March 2020 (A)	1,658	405	2,118	4,181	(4,402)	(221)
Total comprehensive income and expenditure	(354)	0	0	(354)	(3,838)	(4,192)
Adjustments between accounting basis and funding basis under regulations (Note 9)	743	0	0	743	(743)	0
Transfers to or from Earmarked reserves (Note 10)	(220)	0	220	0	0	0
Increase or (decrease in 2020/21 (B) (subtotal)	169	0	220	389	(4,581)	(4,192)
Balance at 31 March 2020 (=A+B)	1,827	405	2,338	4,570	(8,983)	(4,413)

Balance sheet

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

As at 31 March 20 £000	Category	Note	As at 31 March 21 £000
4,592	Property, plant & equipment	12	4,706
18	Intangible Assets		9
4,610	Long term assets (subtotal)		4,715
4,010	Short term investments		3,003
114	Inventories	13	112
2,250	Short term debtors	14	959
681	Cash and cash equivalents	15	2,374
7,055	Current assets (subtotal)		6,448
(15)	Short term borrowing		(35)
(2,782)	Short term creditors	16	(1,800)
(107)	Provisions	17	(114)
(2,904)	Current liabilities (subtotal)		(1,949)
(94)	Long term borrowing		(164)
(8,888)	Other long-term liabilities	29, 31	(13,463)
(8,982)	Long term liabilities (subtotal)		(13,627)
(221)	Net assets (liabilities)		(4,413)
-	Useable reserves	-	-
1,115	General account fund balance		913
543	Navigation account fund balance		914
405	Capital receipts reserve		405
2,118	Earmarked reserves	10	2,338
-	Unusable reserves	19	-
1,771	Revaluation reserve		1,880
2,618	Capital adjustment account		2,566
(8,731)	Pension reserve		(13,362)
(60)	Accumulated absence reserve		(67)
(221)	Total reserves		(4,413)

Emma Krelle (Chief Financial Officer)

17 June 2021

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.

Restated 2019/20 £000	Revenue activities	Note	2020/21 £000
(772)	Net surplus or (deficit) on the provision of services		(354)
999	Adjustments to net surplus or deficit on the provision of services for non-cash movements		1,303
(4)	Adjust for items in the net surplus or deficit on the provision of services that are investing and financing activities		(31)
223	Net cash flows from operating activities (subtotal)	20	918
(668)	Investing activities	21	727
(72)	Financing activities	22	48
(517)	Net increase or (decrease) in cash and cash equivalents (subtotal)		1,693
1,198	Cash and cash equivalents at the beginning of the reporting period		681
681	Cash and cash equivalents at the end of the reporting period	15	2,374

Notes to the Statement of Accounts

1. Accounting policies

i. General principles

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and the Service Reporting Code of Practice 2020/21, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amounts is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Cash and cash equivalents

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

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

iv. Exceptional items

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

v. Prior period adjustments, changes in accounting policies and estimates and errors

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

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

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

vi. Charges to revenue for non-current assets

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

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

vii. Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in

lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

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

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

Post-employment benefits

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

viii. Events after the balance sheet date

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

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

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

ix. Fair value measurement

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

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

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

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

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

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

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

x. Financial instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest is the rate that

exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Long term loans are shown in the balance sheet as the capital element outstanding at the year-end, split between amounts due within the current year and amounts due outside the year. Any interest paid is taken directly to the income and expenditure account. The 'fair value' of any loans is disclosed in the notes to the accounts with accompanying explanations.

Financial assets

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

There are three main classes of financial assets measured at:

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

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

Financial assets measured at amortised cost

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

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

Expected Credit Loss Model

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

The Authority has not made any material loans.

xi. Foreign currency translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the 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

xii. Government Grants and Contributions

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

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

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

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

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

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

xiii. Intangible assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being

available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

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

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

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

xiv. Inventories

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

xv. Leases

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

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

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

The Authority as lessee

Finance leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the

present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

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

Operating leases

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

The Authority as lessor

Operating leases

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

xvi. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation between 5 and 50 years, as advised by a professional valuer;
- vehicles, plant, furniture and equipment – straight-line allocation between 5 and 10 years, as advised by a suitably qualified officer; and
- infrastructure – straight-line allocation between 20 and 25 years, as advised by a suitably qualified officer.

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

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

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

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

Disposals and non-current assets

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement) (England and Wales). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xvii. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

Contingent liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note (note 32) to the accounts.

Contingent assets

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

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

xviii. Reserves

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

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

xix. Operating segments

In accordance with IFRS 8 and the Code, the Broads Authority keeps the general fund and navigation fund separately. Under the Code, the Authority has prepared a single income and expenditure account for 2020/21, however in note 35 to the accounts the navigation income and expenditure is shown.

xx. Allocation of costs

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

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

xxi. Revenue expenditure funded from capital under statute

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

xxii. VAT

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

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

The 2021/22 Code of Practice on Local Authority Accounting adopts the following amendments to International Accounting Standards and International Financial Reporting Standards, which will be required from 1 April 2021:

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

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

3. Critical judgements in applying accounting policies

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

- Despite the one-year settlement from DEFRA for 2021/22 there remains a degree of uncertainty about the longer-term levels of funding for National Parks. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Authority is a member of Whitlingham Charitable Trust of which there are four members. The Authority can appoint up to four trustees and there shall be no more than nine in total. The Trust is limited by guarantee in which each member agrees to contribute £1 in the event of it being wound up. Whitlingham Charitable Trust was established to manage and maintain Whitlingham Country Park for public benefit. The Authority does not have a controlling influence, and it does not have any share equity, or any share in profits or losses. It is considered therefore that International Accounting Standard (IAS) 28 – Accounting for Investments in Associates - does not apply as the charity has no formal equity structure, and the Authority does not derive any financial benefit from the Trust.

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge would

Item	Uncertainties	Effect if actual results differ from assumptions
	uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	increase by £59,000 for every year that useful lives had to be reduced.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £4,445,000. Further details are set out in the sensitivity analysis in note 31.

5. Material items of income and expenditure

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

6. Events after the balance sheet date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 17 June 2021. Events that occur after this date are not reflected in the financial statements or notes.

7. Note to the expenditure and funding analysis

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

2019/20 Adjustments for capital purposes (Note 1) £000	2019/20 Net change for the pension's adjustments (Note 2) £000	2019/20 Other differences (Note 3) £000	2019/20 Total adjustments £000	Description	2020/21 Adjustments for capital purposes (Note 1) £000	2020/21 Net change for the pension's adjustments (Note 2) £000	2020/21 Other differences (Note 3) £000	2020/21 Total adjustments £000
38	162	7	207	Operations	51	83	(2)	132
24	191	(5)	210	Strategic Services	31	103	5	139
(5)	65	3	63	Chief Executive	4	37	1	42
0	(26)	0	(26)	Corporate Items	0	0	0	0
107	310	7	424	Broads Navigation Account	33	188	3	224
164	702	12	878	Net Cost of Services (subtotal)	119	411	7	537
0	269	0	269	Other income and expenditure from the Expenditure and Funding analysis	0	206	0	206
164	971	12	1,147	Difference between General and Navigation Fund surplus or deficit and comprehensive Income and Expenditure Statement Surplus of Deficit on the Provision of Services	119	617	7	743

Note

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

Income received on a segmental basis is analysed below:

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

8a. Expenditure and income analysed by nature

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

Expenditure	2019/20 £000	2020/21 £000
Employee benefits expenses	5,647	5,388
Other services expenses	3,621	3,055
Depreciation, amortisation, impairment	452	352
Interest payments	42	29
Expenditure in relation to investment properties	0	0
Loss/(gain) on the disposal of assets	12	(9)
Total expenditure	9,774	8,815

Income	2019/20 £000	2020/21 £000
Fees, charges and other service income	(4,988)	(4,642)
Interest and investment income	(49)	(22)
Contributions from reserves	(497)	(383)
Government grants and contributions	(3,468)	(3,414)
Total income (subtotal)	(9,002)	(8,461)
Surplus or deficit on the provision of services	772	354

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

8b. Revenue from contracts with service recipients

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

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

Amounts included in the Balance Sheet for contracts with service recipients

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

9. Adjustments between accounting basis and funding basis under regulations

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

2019/20 General fund and navigation fund £000	2019/20 Capital receipts reserve £000	2019/20 Movement in unusable reserves £000	Adjustments	2020/21 General fund and navigation fund £000	2020/21 Capital receipts reserve £000	2020/21 Movement in unusable reserves £000
			Adjustments primarily involving the Capital Adjustment Account:			
0	0	0	Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:			
			Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	0	0	0
(54)	0	54	Donated Asset	0	0	0
392	0	(392)	Charges for depreciation and impairment of non-current assets	342	0	(342)
51	0	(51)	Revaluation losses on property, plant and equipment	1	0	(1)
9	0	(9)	Amortisation of intangible assets	9	0	(9)
16	0	(16)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	21	0	(21)
(72)	0	72	Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
			Statutory provision for the financing of capital investment	(58)	0	58
(8)	0	8	Derecognition of finance lease liability	0	0	0
(170)	0	170	Capital expenditure charged against the General Fund	(197)	0	197
0	0	0	Adjustments involving the Capital Receipts Reserve:			
			Cash receipts from disposal of investment property	0	0	0
1,715	0	(1,715)	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 31)	1,390	0	(1,390)
(744)	0	744	Employer's pension contributions and direct payments to pensioners payable in the year	(773)	0	773
12	0	(12)	Adjustments involving the accumulated Absences Account:			
			Adjustments in relation to short-term compensated absences	8	0	(8)
0	0	0	Adjustments involving the Capital Grant Unapplied Account:			
			Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0
1,147	0	(1,147)	Total adjustments	743	0	(743)

10. Transfers to/from earmarked reserves

This note presents details of the amounts set aside in earmarked reserves to provide financing for future expenditure and the amounts posted back from earmarked reserves to meet expenditure in 2020/21. A description of each of the earmarked reserves follows in the table below.

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

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

Earmarked reserves

Property

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

Plant, Vessels and Equipment

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

Premises

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

Planning Delivery Grant

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

Upper Thurne Enhancement Scheme

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

Section 106 Agreements

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

Heritage Lottery Fund

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

Catchment Partnership

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

CANAPE

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

Computer Software

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

UK National Parks Communications

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

Match Funding

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

11. Financing and investment income and expenditure

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

12. Property, plant and equipment

Movements on balances 2019/20

Cost or valuation	Land and buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total property, plant and equipment £000
At 1 April 2019	2,893	3,459	302	323	60	7,037
Additions	0	125	13	0	32	170
Donated Assets	54	0	0	0	0	54
Revaluation increases/(decreased) recognised in the Revaluation reserve	112	(442)	0	0	0	(330)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(62)	(5)	0	0	0	(67)

Cost or valuation	Land and buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total property, plant and equipment £000
Derecognition-disposals	0	(38)	0	0	0	(38)
At 31 March 2020	2,997	3,099	315	323	92	6,826

Accumulated depreciation and impairment	Land and Buildings £000	Vehicles Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2019	52	2,038	238	0	0	2,328
depreciation charge	24	353	15	0	0	392
derecognition – disposals	0	(22)	0	0	0	(22)
depreciation written out to the Revaluation Reserve	(6)	(442)	0	0	0	(448)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(12)	(4)	0	0	0	(16)
At 31 March 2020	58	1,923	253	0	0	2,234

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment
At 31 March 2020	2,939	1,176	62	323	92	4,592
At 31 March 2019	2,841	1,421	64	323	60	4,709

Movements on balances 2020/21

Cost or valuation	Land and buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total property, plant and equipment £000
At 1 April 2020	2,997	3,099	315	323	92	6,826
Additions	0	174	0	0	128	302
Revaluation increases/(decreased) recognised in the Revaluation reserve	112	(73)	0	0	0	39
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1	0	0	0	0	1
Derecognition-disposals	(3)	(70)	0	0	0	(73)
Reclassification	0	92	0	0	(92)	0
At 31 March 2021	3,107	3,222	315	323	128	7,095

Accumulated depreciation and impairment	Land and Buildings £000	Vehicles Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2020	58	1,923	253	0	0	2,234
depreciation charge	27	297	17	0	0	341
derecognition – disposals	(3)	(49)	0	0	0	(52)
depreciation written out to the Revaluation Reserve	(32)	(102)	0	0	0	(134)
At 31 March 2021	50	2,069	270	0	0	2,389

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment
At 31 March 2021	3,057	1,153	45	323	128	4,706
At 31 March 2020	2,939	1,176	62	323	92	4,592

Depreciation

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

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

Capital Commitments

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

Impairments

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

Revaluations

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

Significant assumptions applied in estimating the current values are:

- Property, Plant and Equipment of a specialised nature were valued on the basis of what it would cost to reinstate the service, suitably adjusted to reflect for age, wear and tear and obsolescence of the existing asset.
- Infrastructure Assets and Community Assets have been valued at historic cost rather than fair value.
- Property leases have been split between finance and operating leases and valued accordingly depending upon whether the Authority is lessor or lessee.

Financial Year	Land and buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total £000
Carried at historical cost	0	0	33	323	0	356
Valued at current value as at 31 March 2021	528	272	0	0	128	928
31 March 2020	899	163	12	0	0	1,074
31 March 2019	1,378	236	0	0	0	1,614
31 March 2018	252	316	0	0	0	568
31 March 2017	0	166	0	0	0	166
Total cost or valuation	3,057	1,153	45	323	128	4,706

13. Inventories

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

14. Debtors

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

15. Cash and cash equivalents

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

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

16. Creditors

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

17. Provisions

2019/20 Accumulated absences provision £000	2019/20 Whitlingham Dilapidations provision £000	2019/20 Total £000	Description	2020/21 Accumulated absences provision £000	2020/21 Whitlingham Dilapidations provision £000	2020/20 1Total £000
47	0	47	Balance at 1 April	60	47	107
60	47	107	Additional provisions made in year	67	0	67
(47)	0	(47)	Settlements or cancellation of provision made at end of proceeding year	(60)	0	(60)
60	47	107	Balance at 31 March	67	47	114

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

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

18. Usable reserves

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

19. Unusable reserves

31 March 2020 £000	Description	31 March 2021 £000
1,771	Revaluation reserve	1,880
2,618	Capital Adjustment Account	2,566
(8,731)	Pensions Reserve	(13,362)
(60)	Accumulated Absences Account	(67)
(4,402)	Total unusable reserves	(8,983)

Revaluation reserve

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

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

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

2019/20 £000	Description	2020/21 £000
1,950	Balance at 1 April	1,771
132	Upward revaluation of assets	181
(14)	Downward revaluation of assets	(6)
118	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services (subtotal)	175
(297)	Difference between current value depreciation and historical cost depreciation	(66)
(179)	Amount written off to the Capital Adjustment Account (subtotal)	0
1,771	Balance at 31 March	1,880

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2019/20 £000	Description	2020/21 £000
2,484	Balance at 1 April	2,618
0	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	0
(392)	Charges for depreciation and impairment of non-current assets	(342)
(51)	Revaluation losses on property plant & equipment	(1)
54	Movement in the Donated Assets	0
(9)	Amortisation of intangible assets	(9)
(16)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss in disposal to the comprehensive income and expenditure statement	(21)
297	Adjusting amounts written out of the revaluation reserve	66
(117)	Net written out amount of the cost of non-current assets consumed in the year (subtotal)	(307)
72	Capital financing applied in the year: Statutory provision for the financing of capital investment charges against the general fund removal of finance lease liability for assets returned in year	57

2019/20 £000	Description	2020/21 £000
9	Derecognition of finance lease liability	0
170	Capital expenditure charges against the General Fund	198
2,618	Balance at 31 March	2,566

Pensions Reserve

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

2019/20 £000	Description	2020/21 £000
(10,812)	Balance at 1 April	(8,731)
3,052	Remeasurements of the net defined benefit liability/(asset)	(4,014)
(1,715)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,390)
744	Employer's pension contributions and direct payments to pensioners payable in the year	773
(8,731)	Balance at 31 March	(13,362)

Accumulated Absences Account

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

2019/20 £000	Description	2020/21 £000
(47)	Balance at 1 April	(60)
47	Settlement or cancellation of accrual made at the end of the preceding year	60
(60)	Amounts accrued at the end of the current year	(67)
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
(60)	Balance at 31 March	(67)

20. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

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

21. Cash flow statement – investing activities

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

22. Cash flow statement – financing activities

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

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

23.Members' allowances

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

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

24.Officers' remuneration

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

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

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

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

Exit packages

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

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

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

25.External audit costs

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

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

26. Grant income

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

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

27. Related parties

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

Central Government

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

Members

Members of the Broads Authority have direct control over the Authority's financial and operating policies. Members of the Navigation Committee have a consultative role in respect of navigation matters. The Authority wrote to all Members requesting details of any related party transactions. Details of Members' expenses are included in note 23.

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

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

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

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

Mr Simon Sparrow is a member of the Broads Authority and Navigation Committee and is Director of 'Hippersons Boatyard Ltd'. Hippersons Boatyard Ltd paid £4,674 (£4,652 2019/20) navigation tolls to the Broads Authority in 2020/21. The Authority also made fuel purchases of £72 during 2019/20 but none in 2020/21. Mr Sparrow took no part in the decision-making process associated with this contract.

Officers

The Chief Executive represents the Broads Authority on the board of the Whitlingham Charitable Trust. Officer remuneration is detailed in note 24.

Whitlingham Charitable Trust

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

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

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

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

Birketts LLP

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

Other Public Bodies

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

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

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

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

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

28. Capital expenditure and capital financing

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

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

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

29. Leases

Authority as lessee

Finance Leases

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

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

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

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

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

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

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21, no (£nil) contingent rents were payable by the Authority (2019/20 £nil).

Operating Leases

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

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

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

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

Authority as Lessor

Finance Leases

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

Operating Leases

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

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

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

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

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

30. Termination benefits

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

31. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

Guaranteed minimum pension

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the State Second Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of the Broads Authority for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards.

The McCloud Judgement

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied.

The impact of the ruling is uncertain. It is looking likely that benefits accrued from 2014 may need to be enhanced so that all members, regardless of age, will benefit from the underpin. However, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. In this outcome, there would likely be a retrospective increase to members' benefits, which in turn would give rise to a past service cost for the Fund employers when the outcome is known.

Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The effect of the judgement has been included in the pension liabilities recognised in the balance sheet.

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:

2019/20 £000	Transaction	2020/21 £000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
1,493	• current service cost	1,184
(47)	• past service cost	0
	Financing and investment income and expenditure	
269	• net interest expense	206
1,715	Total post-employment benefits charged to the surplus or deficit on the provision of services	1,390
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
2,276	• return on plan assets (excluding the amount included in the net interest expense)	(5,287)
(996)	• actuarial gains and losses arising on changes in demographic assumptions	451
(3,145)	• actuarial gains and losses arising on changes in financial assumptions	9,189
(1,187)	• other experience	(339)
(3,052)	Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	4,014

2019/20 £000	Transaction	2020/21 £000
1,715	Movement in Reserves Statement <ul style="list-style-type: none"> reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code 	1,390
(744)	Actual amount charged against the General Fund balance for pensions in the year: <ul style="list-style-type: none"> employers' contributions payable to scheme 	(773)

Pension Assets and Liabilities Recognised in the Balance Sheet

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

2019/20 £000	Type	2020/21 £000
(33,852)	Present value of the defined benefit obligation	(44,513)
25,121	Fair value of plan assets	31,151
(8,731)	Net liability arising from defined benefit obligation	(13,362)

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

2019/20 £000	Movements	2020/21 £000
26,828	Opening fair value of scheme assets	25,121
644	Interest income	579
(2,276)	Remeasurement gain / (loss): <ul style="list-style-type: none"> The return on plan assets, excluding the amount included in the net interest expense 	5,287
744	Contributions from employer	773
222	Contributions from employees into the scheme	230
(1,041)	Benefits paid	(839)
25,121	Closing fair value of scheme assets	31,151

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

2019/20 £000	Movements	2020/21 £000
37,640	Balance at 1 April	33,852
1,493	Current service cost	1,184
913	Interest cost	785

2019/20 £000	Movements	2020/21 £000
222	Contributions from scheme participants	230
(996)	Remeasurement (gains) and losses: <ul style="list-style-type: none"> Actuarial gains / losses from changes in demographic assumptions 	451
(3,145)	<ul style="list-style-type: none"> Actuarial gains / losses arising from changes in financial assumptions 	9,189
(1,187)	<ul style="list-style-type: none"> Other 	(339)
(47)	<ul style="list-style-type: none"> Past Service Cost 	0
(1,041)	Benefits paid	(839)
33,852	Balance at 31 March	44,513

Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2019/20 £000				Fair value of scheme assets 2020/21 £000		
Quoted prices in active markets	Quoted prices not in active markets	Total	Asset type	Quoted prices in active markets	Quoted prices not in active markets	Total
-	664.6	664.6	Cash and cash equivalents: <ul style="list-style-type: none"> All cash and cash equivalents 	485.9	-	485.9
930.9	-	930.9	Equity instruments: <ul style="list-style-type: none"> Consumer 	-	-	-
738.1	-	738.1	<ul style="list-style-type: none"> Manufacturing 	-	-	-
225.1	-	225.1	<ul style="list-style-type: none"> Energy and utilities 	-	-	-
631.0	-	631.0	<ul style="list-style-type: none"> Financial institutions 	-	-	-
583.1	-	583.1	<ul style="list-style-type: none"> Health and care 	-	-	-
775.3	-	775.3	<ul style="list-style-type: none"> Information technology 	-	-	-
0.4	-	0.4	<ul style="list-style-type: none"> Other 	-	-	-
-	-	-	Bonds (Debt securities): <ul style="list-style-type: none"> Corporate bonds (investment grade) 	-	-	-
-	-	-	<ul style="list-style-type: none"> Corporate bonds (non-investment grade) 	-	-	-
291.9	-	291.9	<ul style="list-style-type: none"> UK Government 	354.6	-	354.6
-	1,511.8	1,511.8	Private equity: <ul style="list-style-type: none"> All private equity 	-	1,976.5	1,976.5

Fair value of scheme assets 2019/20 £000				Fair value of scheme assets 2020/21 £000		
-	2,161.5	2,161.5	Property:	-	2,477.0	2,477.0
-	495.0	495.0	<ul style="list-style-type: none"> • UK property • Overseas property 	-	630.0	630.0
7,260.7	-	7,260.7	Other investment funds and unit trusts:	13,882.5	-	13,882.5
8,185.2	-	8,185.2	<ul style="list-style-type: none"> • Equities • Bonds 	9,248.1	-	9,248.1
-	701.6	701.6	<ul style="list-style-type: none"> • Infrastructure • Other 	-	1,970.2	1,970.2
-	-	-		-	114.7	114.7
-	-	-	Derivatives	-	-	-
-	(35.2)	(35.2)	<ul style="list-style-type: none"> • Other derivatives • Foreign exchange 	11.5	-	11.5
19,621.7	5,499.3	25,121.0	Total	23,982.6	7,168.4	31,151.0

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary have been:

31 March 2020	Assumption	31 March 2021
	Long term expected rate of return on assets in the scheme:	
2.3%	• Equity investments	2.0%
2.3%	• Bonds	2.0%
2.3%	• Property	2.0%
2.3%	• Cash	2.0%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.7 years	• Men	21.9 years
23.9 years	• Women	24.3 years
	Longevity at 65 for future pensioners:	
22.8 years	• Men	23.2 years
25.5 years	• Women	26.2 years
1.9%	Rate of inflation	2.85%
2.6%	Rate of increase in salaries	3.55%
1.9%	Rate of increase in pensions	2.85%
2.3%	Rate for discounting scheme liabilities	2.0%
	Take up of option to convert annual pension into retirement lump sum:	
50%	Pre- April 2008 service	50%
75%	Post- April 2008 service	75%

*The 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.

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

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

Techniques used to manage risk

The Pensions Committee of Norfolk County Council considers long term liabilities when setting its investment strategy but does not follow a specific liability matching investment approach having taken appropriate professional advice. The Committee has agreed an asset allocation benchmark, a performance target and various controls on the Fund's investments. These reflect their views on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk. The Committee monitors and reviews the performance of investments and the overall strategy on a regular basis, supported by advice from professional advisers as required. A large proportion of the Fund's assets relate to equities (51% of scheme assets) and bonds (31%). These percentages are materially the same as the previous year. The scheme also invests in properties as part of the diversification of the scheme's investments.

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

Impact on the Authority's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Administering Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation will take place on 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish

new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority anticipates paying contributions of approximately £760,000 to the scheme in 2021/22.

32. Contingent Liabilities

The Authority has identified one material contingent liability:

Postwick Tip

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

33. Financial Instruments

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

Financial Assets

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

Financial Liabilities

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

Income, Expense Gains and Losses

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

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

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. These valuations are all classified as Level 2, where market prices are not available, with valuation techniques using inputs based significantly on observable market data. The following assumptions should be noted:

- Fixed interest rate of 4.82% over the 20-year PWLB loan;
- Fixed interest rate of 2% over the 5-year PWLB loan;
- No early repayment or impairment is recognised; and
- The fair value of trade and other receivables is taken to be invoices or billed amount.

The fair values calculated are as follows:

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

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

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

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

34. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

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

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

Credit Risk

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

The Authority's standard terms and conditions for payment of invoices are 30 days from invoice date. The Authority does not allow credit for customers, and only a small proportion of invoices were overdue and outstanding as at 31 March 2020 for which a bad debt provision had not been put in place.

Liquidity Risk

A one-year funding agreement from DEFRA means the Broads Authority has some certainty over 2020/21. Longer term uncertainty still remains and future changes in government brings further uncertainty whether future multi-year funding will be available. Given the significant cash balances there is no significant risk that it will be unable to meet its commitments under financial instruments. All financial liabilities are due to be repaid within one to five years with the exception of the 20-year PWLB loan. Therefore, there is no risk of having to borrow at unfavourable rates in future to replenish borrowings.

Market Risk

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

Foreign Exchange Risk

The Authority's Annual Investment and Capital Financing Strategy for 2020/21 states that if the Authority enters into any contractual arrangements above £100,000 which involve foreign currency, the advice of the Chief Financial Officer will be sought on the advisability of hedging the exchange risk before entering into the contract.

35. Navigation Income and Expenditure Account

2019/20 Gross expenditure £000	2019/20 Income £000	2019/20 Net expenditure/ (income) £000	Description	2020/21 Gross expenditure £000	2020/21 Income £000	2020/21 Net expenditure/ (income) £000
2,587	(87)	2,500	Operations	2,366	(19)	2,347
580	(160)	420	Strategic Services	488	(128)	360
700	(14)	686	Chief Executive	691	(8)	683
17	0	17	Corporate Items	49	0	49
0	(3,431)	(3,431)	Navigation Income (Tolls)	0	(3,385)	(3,385)
3,884	(3,692)	192	Cost of services (subtotal)	3,594	(3,540)	54
		(4)	(Gains)/Losses on the disposal of non-current assets			2
		123	Financing and investment income and expenditure			102
		(54)	Donated Asset			0
		257	(Surplus) or deficit on provision of services (subtotal)			158
		(96)	(Surplus) or deficit on revaluation of fixed assets			(144)
		(1,350)	Actuarial (gains)/losses on pension assets/liabilities			1,832
		(1,446)	Other comprehensive income and expenditure (subtotal)			1,688
		(1,189)	Total comprehensive income and expenditure			1,846

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.

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.

Surplus

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

Value added tax (vat)

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

Variance / variation

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

Audit and Risk Committee

20 July 2021

Agenda item number 11

Financial Management Code

Report by Chief Financial Officer

Summary

To provide an overview of the Authority's assessment with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Financial Management Code, including improvements identified by Management Team.

Recommendation

To note the actions identified and comment on their appropriateness.

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1. Introduction

- 1.1. Whilst many aspects of Local Authority finance is governed by CIPFA codes (Prudential and Treasury Management) the introduction of CIPFA's Financial Management (FM) code in October 2019 was designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code therefore for the first time sets the standards of financial management for local authorities.
- 1.2. The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:
 - financially manage the short, medium and long-term finances of a local authority
 - manage financial resilience to meet unforeseen demands on services
 - manage unexpected shocks in their financial circumstances
- 1.3. Each local authority (and those bodies designated to apply the FM Code) must demonstrate that the requirements of the code are being satisfied. Demonstrating this compliance with the FM Code is a collective responsibility of members, the chief finance officer (CFO) and their professional colleagues in the leadership team. It is for all the senior management team to work with members in ensuring compliance with the FM Code and so demonstrate the standard of financial management to be expected of a local authority. In doing this the statutory role of the section 17 officer will not just be recognised but also supported to achieve the combination of leadership roles essential for good financial management.
- 1.4. The first full year of compliance is 2021/22. This reflects the recognition that organisations will need time to reflect on the contents of the Code and can use 2020/21 to demonstrate how they are working towards compliance. This report includes an assessment of the Authority's current level of compliance with the Code, and sets out recommendations for strengthening compliance in 2021/22 going forward.

2. CIPFA FM Code

- 2.1. The code is built on the following six principles:
 - Organisational leadership. Demonstrating a clear direction based on a vision in which financial management is embedded into organisational culture.
 - Accountability, based on medium term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
 - Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reporting frequently with evidence of periodic officer action and Member decision-taking.

- Adherence to professional standards is promoted by the leadership team and is evidenced
 - Sources of assurance are recognised as an effective tool mainstreamed into financial management, including scrutiny and the results of external audit, internal audit and inspection.
 - The long-term sustainability of services is at the heart of all financial management processes and is evidenced by prudent use of public resources
- 2.2. The CIPFA Financial Management Code translates these principles of good financial management into 17 standards. These standards are split into seven areas. The standards address the aspects of an authority's operations and activities that must function effectively if financial management is to be undertaken robustly and financial sustainability is to be achieved.

The Scope of the FM code

- 2.3. The areas covered by the standards are:
- the responsibilities of the chief financial officer and leadership team.
 - governance and financial management style.
 - long to medium-term financial management.
 - the annual budget.
 - stakeholder engagement and business plans.
 - monitoring financial performance.
 - external financial reporting.
- 2.4. The financial management standards are designed to be sufficiently flexible so that they are relevant to the needs of the diverse range of authorities across the local government sector and to the varying circumstances in which these authorities operate and challenges that they face.

The Financial Management Standards

- 2.5. The detailed financial management standards set out in the FM Code are as follows:

The responsibilities of the chief finance officer and leadership team

- A. The leadership team is able to demonstrate that the services provided by the authority provide value for money.
- B. The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016).

Governance and financial management style

- C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

- D. The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).
- E. The financial management style of the authority supports financial sustainability.

Medium to long-term financial management

- F. The authority has carried out a credible and transparent financial resilience assessment.
- G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
- H. The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.
- I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

The annual budget

- J. The authority complies with its statutory obligations in respect of the budget setting process.
- K. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.

Stakeholder engagement and business cases

- L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.
- M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

Monitoring financial performance

- N. The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.
- O. The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.

External financial reporting

- P. The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom.
- Q. The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.

The Authority's Responsibilities in determining compliance with the FM Code

- 2.6. It is for the individual authority to determine whether it meets the standards and to make any changes that may be required to ensure compliance. Authorities should be able to provide evidence that they have reviewed their financial management arrangements against the standards and that they have taken such action as may be necessary to comply with them.
- 2.7. It is important to note, also, that the financial management standards are minimum standards. Some authorities may feel, with justification, that their own financial management arrangements exceed by far the standards set out in the FM Code. Recent experience suggests, however, that the standards set out in the FM Code have been by no means universally achieved.

3. Current position and improvements

- 3.1. The Code has been designed as a 'one size fits all' solution, aiming to cover the complexities that will exist in some very large local authority bodies, as well as the more straightforward activities of much smaller bodies like ourselves. The Code acknowledges that its component standards will have different practical applications according to the particular circumstances of each authority and that their use should therefore reflect this: the principle of proportionality is embedded within the Code and reflects a non-prescriptive approach.
- 3.2. An assessment of the current level of compliance has been undertaken prior to the Authority fully meeting the requirements of the Code in 2021/22. The overall conclusion of this review is that the Authority's governance and financial processes and controls meet the requirements of the Code, but that there are a number of areas where we could make improvements. These are summarised at Appendix 1.
- 3.3. The full assessment against the Standards was carried out by Management Team over a number of weeks and can be found in Appendix 2. It is expected that in due course this will be reviewed by audit.

4. Conclusion

- 4.1. The review highlighted that the Authority has a good level of compliance with the code whilst identifying some areas for improvement. The actions identified in Appendix 1 will be monitored and reviewed on an annual basis. Members comments on the appropriateness of the assessment and actions are welcome.

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Date of report: 05 July 2021

Background papers: CIPFA Financial Management Code and Guidance Notes

Appendix 1 – Action Plan for Improvements

Appendix 2 – Full Assessment of the FM Code

Appendix 1 - Action Plan for improvements

Table 1

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale
A	Assess the Value For Money (VFM) of another Stakeholder survey.	MT	31/01/2022
A	KPI's are being discussed at a National level by the ten English National Parks.	DEFRA/NPE	31/3/2021
B	Review of Finance Team structure including Finance systems. Review to include resilience around Chief Financial Officer (CFO) as currently no qualified deputy.	CFO	31/08/2021
C	Employee code of conduct to be updated to make reference to 7 principles in the introduction.	Head of HR	31/12/2021
C	To set up a Management Team (MT) register of interests.	Head of Governance	31/12/2021
C	Best Companies survey to be completed.	Head of HR	31/03/2022
E	As part of the update of the tolls on-line system review planned for next year any changes will need to take account of the different needs of boat owners.	Collector of Tolls	Initial scoping by 31/03/2022
E	MT to receive a report on savings >£10k where, individually or cumulatively, where forecast savings are made.	CFO	Monthly from 01/08/2021
E	All budget holders to have an annual objective linked to their budget management.	All line managers	30/06/2021
F	The last review of property and buildings by the property consultants was conducted in 2016/17 to help determine contributions to the earmarked reserves. This exercise should be completed every 10 years, with the next to be scheduled for 2026/27.	Asset Officer	31/08/2027
F	Level of reserves is due to be reassessed in 2021/22 to make sure they remain appropriate for a future pandemic.	CFO	31/08/2021

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale
G	Look at external funding and pipe line of future projects where external funding would be relevant.	MT	31/01/2022
H	COVID-19 has presented potential new opportunities for agile working. Post COVID working arrangement will be reviewed during 2021.	MT	30/09/2021
I	Asset strategy puts the responsibility for planning future replacements onto certain members of staff. Longer term planning to be incorporated into 2021/22 budget.	Head of Construction, Maintenance and Ecology (CME)	31/08/2021
I	See F about suggestion of refreshing property maintenance liability.	Asset Officer	31/08/2027
J	CFO to review potential Monitoring Officer (MO) involvement with the other English National Parks and East Suffolk Council (ESC).	CFO	13/01/2022
J	MT to consider draft strategic priorities for following year over the summer, to be considered by the Authority in January and comment in budget report.	MT	31/08/2021
K	Where reserves are being used to balance the budget, we should include a statement of what alternatives have been considered and how the longer-term impact of the revenue shortfall is being addressed.	CFO	13/01/2022
K	Budget report to make clear that all staff posts are 100% filled for the financial year and that vacancies creates savings. All posts are considered when a vacancy arises and if there should be a replacement.	CFO	13/01/2022
K	COVID-19 has meant that level of reserves may not be sufficient for a future pandemic. A review of the recommended levels will be conducted in 2021/22 (see F).	CFO	31/08/2021
L	MT to review last stakeholder survey to determine the cost/benefit for a new stakeholder survey (see A).	MT	31/01/2022

Standard	Areas for improvement	Officer(s)/Member(s)	Timescale
M	CFO to review IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (2013) in conjunction with CIPFA's own guide to undertaking an option appraisal: Option Appraisal: A Practical Guide for Public Service Organisations (2017 Edition). Review will indicate whether we need to develop own appraisal methodology and mechanisms to address uncertainty. Appraisal options mainly use Net Present Value but also need to take into consideration economic, cost-benefit, multi-criteria and impact assessments.	CFO	08/03/2022
N	External funded partnership projects (CANAPE/HLF) to provide 6 monthly updates to MT and determine format for updates to members and regularity.	Project Managers	July and January each year of project
N	Working on producing reports quicker, however may require different resource (see B above on restructure and system).	CFO	31/08/2021
N	Already agreed above that adjustments in forecast above £10k will come to MT (see E).	CFO	Monthly from 01/08/2021
O	Future review of Fixed Assets, de-minimis level and depreciation policies to be considered by Audit and Risk Committee and adopted by the Authority.	CFO	08/03/2022
Q	Refresher training for budget holders to be provided in 2021 to remind budget holders the importance of the reviews and responding in a timely manner to help support future strategic decisions.	CFO	31/08/2021

Appendix 2 - CIPFA Financial Management Standards Full Assessment

Table 1

The Responsibilities of the Chief Financial Officer and Leadership Team

Standard	Code Guidance	What we do	What we can improve
<p>A. The leadership team is able to demonstrate that the services provided by the authority provide value for money.</p> <p>VFM can be a subjective concept and has four 'pillars' known as the four 'Es'.</p> <p>Economy 'Spending less'. Economy is a measure of the resources that the authority puts into the delivery of a given activity or service.</p> <p>To be economical, the authority should procure these inputs at the lowest possible cost, subject to maintaining appropriate standards of quality.</p> <p>For example, an economical highways development scheme will procure the necessary resources (labour, materials, plant hire, etc) at the lowest possible unit cost.</p> <p>Efficiency 'Spending well'. Efficiency is about how well the authority translates these inputs into the outputs of an activity or a service.</p> <p>To be efficient, the authority should use the minimum possible level of inputs to produce each output, again subject to maintaining appropriate standards of quality.</p> <p>For example, an efficient highways development scheme will minimise the volume of resources required to construct each mile of road, eg through proactive scheduling and minimisation of waste.</p> <p>Effectiveness 'Spending wisely'. Effectiveness considers the extent to which the outputs that the authority has generated lead to the outcomes that it wants to achieve.</p>	<p>CIPFA key questions:</p> <p>Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?</p> <p>Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?</p> <p>Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?</p> <p>From the guidance note we need to consider:</p> <ul style="list-style-type: none"> the way in which the authority's leadership team is able to demonstrate that its services provide value for money. 	<p>The Authority has a clear governance structure, as outlined in the Annual Governance Statement (AGS). This and the Code of Corporate Governance are reviewed annually.</p> <p>Internal audit (externally provided) undertake an annual risk-based approach to the service audits undertaken in addition to Key Controls and Corporate Governance. External Audit issue a Value For Money (VFM) conclusion annually in the Statement of Accounts (SoA).</p> <p>The delivery of the strategic priorities are supported by the Broads Plan (BP), Annual Business Plan and Financial Strategy. All of these are approved by the Broads Authority. Regular updates on the finances and progress against the BP are provided to committee.</p> <p>The Authority complies with the transparency regulations and details of expenditure over £250 can be viewed by the public on the website.</p> <p>Each Directorate has workplans that set out how this is to be delivered. These plans are supported by the annual budget.</p> <p>The Authority has Financial Regulations, Standing Orders Relating to Contracts, Procurement Strategy that support the principle of VFM. The sustainable/environmental impact is also taken into consideration.</p> <p>The Authority has a Corporate Risk Register and Directorate registers which identify mitigating actions and responsible officers. These are reviewed on a six-monthly basis. All reports to committee ask the Author to consider the risk implications. New risks can be added at any time.</p>	<p>Assess the VFM of another Stakeholder survey.</p> <p>KPI's are being discussed at a National level by the ten English National Parks.</p>

Standard	Code Guidance	What we do	What we can improve
<p>To be effective, the authority's actions should have the desired positive impact on people's lives, such as greater opportunity, improved skills or changed behaviours.</p> <p>For example, an effective highways development scheme will have a clear rationale for the road under construction and will construct the right road, in the right place and at the right time.</p> <p>Equity 'Spending fairly'. Equity is about the extent to which the outcomes generated by the authority have been made accessible to all those who could benefit from them.</p> <p>To be equitable, the authority should ensure that it takes account of the ability of different individuals and groups to access its services and that it makes arrangements to ensure that these services are accessible to all who could benefit from them.</p> <p>For example, an equitable highways development scheme would be accessible to all forms of traffic – including pedestrians and cyclists – and might also feature suitable pedestrian crossing points (with facilities for visually-impaired pedestrians and wheelchair users) and appropriate street furniture.</p>		<p>The Authority took part in a peer review in May 2018. There has been some benchmarking activities with other National Parks in specific areas such as back office costs in January 2017.</p> <p>Contract management arrangements: The authority has in place specific arrangements regarding the management of contracts with third-party suppliers, to ensure that the goods or services to which the contract applies are delivered as agreed. Contract management arrangements are proportional to the value and significance of the contract.</p> <p>Accessibility to sites and websites has been considered.</p> <p>Impact assessments on key policy decisions are taken out.</p>	
<p>B. The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016).</p>	<p>CIPFA Key questions:</p> <p>Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?</p> <p>Does the CFO lead and champion the promotion and delivery of good financial management across the authority?</p> <p>Is the CFO suitably qualified and experienced?</p>	<p>The CFO is a member of MT and attends Broads Authority, Navigation and Audit and Risk committees on a regular basis.</p> <p>The CFO attends monthly section heads meetings to discuss budget variances and any new areas that require financing. Training is provided to all new budget holders.</p> <p>The CFO manages Finance, Asset Officer and the Head of ICT/Tolls who are responsible for securing the Authority's income, recording of expenditure and asset management.</p>	<p>Review of Finance Team structure including Finance systems. Review to include resilience around CFO as currently no qualified deputy.</p>

Standard	Code Guidance	What we do	What we can improve
	<p>Is the finance team suitably resourced and fit for purpose?</p> <p>Compliance with the FM Code requires that each of these principles is demonstrated reliably and consistently across the authority.</p> <ul style="list-style-type: none"> • Principle 1: The CFO in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest. • Principle 2: The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered and aligned with the authority's overall financial strategy. • Principle 3: The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. • Principle 4: The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose. • Principle 5: The CFO in a local authority must be professionally qualified and suitably experienced. 	<p>CFO Job Description was created to follow CIPFAs guidelines for CFO's. This is acknowledged in the AGS. The CFO's line management was moved from Director of Planning to CEO and Asset Officer reports to CFO.</p> <p>Inputs to key decisions and reports to the board.</p>	

Table 2

Governance and financial management style

Standard	Code Guidance	What we do	What we can improve
<p>C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p> <p>The seven Nolan principles are Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.</p>	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Does the leadership team espouse the Nolan principles? Does the authority have in place a clear framework for governance and internal control? Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability? Does the leadership team espouse high standards of governance and internal control? Does the leadership team nurture a culture of effective governance and robust internal control across the authority? 	<p>Where a planning application comes from within the authority it must go to Planning Committee for decision making.</p> <p>The Authority's core values reflect the Nolan principles and are adopted by all staff.</p> <p>Gifts register is maintained as per the employee code of conduct, section 3.1, 6.</p> <p>Members code of conduct set outs Nolan Principles and behaviours expected by members.</p> <p>MT has recently been through the process of reviewing all constitution documents to ensure they are up to date and fit for purpose. Documents reviewed include: Scheme of Powers delegated to officers including CEO, terms of reference for committees, guidance on Local Authority appointees/outside bodies, code of conduct and complaints, standing orders for the regulation of Authority proceedings, social media policy, guidance on public question time and scheme of operation.</p> <p>All committees produce agendas and minutes. Declaration of interests are asked in relation to specific agenda items in addition to the annual register held. Members can ask for specific items to be discussed in advance and have an opportunity to ask questions/clarification.</p> <p>Partnerships are monitored through the partnership register. However, it should be noted that the Authority does not have partners who deliver any of the Authority's services via an outsourcing arrangement.</p> <p>Internal audit undertakes an annual programme of service reviews, considering new risks, emerging issues and any other changes. This always includes an annual review of Key Controls and Corporate Governance as this</p>	<p>Employee code of conduct to be updated to refer to the 7 principles in the introduction.</p> <p>To set up a MT register of interests.</p> <p>Best Companies survey to be completed by the end of 2021/22.</p>

Standard	Code Guidance	What we do	What we can improve
		<p>helps determine the adequacy and effectiveness of the Authority's framework of governance, risk management and control, which informs the Head of Internal Audit (HoIA) Annual Opinion.</p> <p>Audit and Risk terms of reference reflect CIPFA's latest guidance.</p> <p>Where recommendations are made (by internal or external audit) these are followed up and implemented promptly.</p> <p>MT is consulted on all new policies/strategies and provides constructive challenge.</p> <p>Decision making is based on a thorough review of the current situation and available resources. Professional advice is gained where appropriate. Option appraisal is used for significant capital developments.</p> <p>MT strives for continuous improvement by complying with new codes of practice when they are issued.</p> <p>Best companies index participation.</p>	
<p>D. The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).</p> <p>The seven core principles of the framework are:</p> <ul style="list-style-type: none"> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. Ensuring openness and comprehensive stakeholder engagement. Defining outcomes in terms of sustainable economic, social and environmental benefits. 	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Has the authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements? Does the authority have in place a suitable local code of governance? Does the authority have a robust assurance process to support its AGS? 	<p>The AGS is guided by the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework and has been since its introduction in 2016.</p> <p>The AGS is supported by the Code of Corporate Governance which was last reviewed in May 2020.</p> <p>The AGS is reviewed by internal and external audit. The HoIA annual opinion forms part of the AGS. The Internal Audit service is Public Sector Internal Audit Standards (PSIAS) compliant.</p>	

Standard	Code Guidance	What we do	What we can improve
<ul style="list-style-type: none"> • Determining the interventions necessary to optimise the achievement of the intended outcomes. • Developing the entity's capacity, including the capability of its leadership and the individuals within it. • Managing risks and performance through robust internal control and strong public financial management. • Implementing good practices in transparency, reporting, and audit to deliver effective accountability. 			
E. The financial management style of the authority supports financial sustainability.	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> • Does the authority have in place an effective framework of financial accountability? • Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services? • Does the authority's finance team have appropriate input into the development of strategic and operational plans? • Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so? • Has the authority sought an external view on its financial style, for example through a process of peer review? • Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities? 	<p>Budget holders are clearly assigned (Authorised signature list) levels of approval in relation to expenditure (<£5k or >£5k) within their annual budgets. All new budget holders are provided induction training and refresher training is provided periodically, with Procurement to be rolled out shortly. Instructions are available on the intranet to help monitor individual budgets.</p> <p>Monthly reporting requires budget holders to provide details of variances +/-£5k within their budgets. Budget holder also provide updates to the forecast so that increased income or expenditure savings are reflected throughout the year and are reported to members.</p> <p>Finance undertake an annual review of procurement where expenditure has exceeded £5k to see if contracts can be set up to secure better rates. This is reviewed by MT.</p> <p>Where plans are discussed at MT or Section Heads finance has appropriate input into strategic and operational plans.</p> <p>Members receive code of conduct training upon appointment and an induction to the Authority to help</p>	<p>As part of the tolls system review planned for later on in the year (2021), any changes will need to be equitable for all.</p> <p>MT to receive a report on savings >£10k where individually or cumulatively where forecast savings are made.</p> <p>All budget holders to have an IPR objective linked to their budget management.</p>

Standard	Code Guidance	What we do	What we can improve
		<p>understand both the governance and finance arrangements in the Authority.</p> <p>Scheme of delegated powers (see C for update), JD's sets out required skills and IPR's identify training needs.</p> <p>The Authority sits on the hierarchy of Financial Management Styles (page 43) at delivering accountability with some supporting performance when required.</p>	

Table 3

Medium to long-term financial management

Standard	Code Guidance	What we do	What we can improve
F. The authority has carried out a credible and transparent financial resilience assessment	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Has the authority undertaken a financial resilience assessment? Has the assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios? Has the authority taken appropriate action to address any risks identified as part of the assessment? 	<p>The budget process looks at the financial resilience of the Authority. It incorporates future projects, key risks and assumptions (in particular around toll increases/boat numbers, NPG and pay). This is broken down to budget holder level and is split between income and expenditure. Budget holders receive monthly links to the monitor which measures actual against, LAB and forecast.</p> <p>As part of the tolls working group the annual pattern of boat numbers is reviewed to determine on going future trends.</p> <p>The Authority is not demonstrating any symptoms of financial stress, these include: running down reserves, failure to address financial pressures, shortened planning horizons, lack of investment in infrastructure resources, gaps in savings plans and unplanned overspends.</p> <p>The use of reserves (including earmarked) is part of the budget and are highlighted to members. They are not considered a sign of financial stress but part of a strategy to rebalance income and expenditure over the life of the strategy. Earmarked reserves help with the smoothing of</p>	<p>The last review of property and buildings by the property consultants was conducted in 2016/17 to help determine contributions to the earmarked reserves. This exercise should be completed every 10 years, with the next to be scheduled for 2026/27.</p> <p>Level of reserves is due to be reassessed in 2021/22 to make sure they remain appropriate for a future pandemic.</p>

Standard	Code Guidance	What we do	What we can improve
		<p>capital purchases as the replacement programmes are not even throughout the strategy.</p> <p>The Capital, Treasury and Investment and Asset Management Strategy look at the longer-term planning horizons for replacement of capital items. This is then linked to the Medium-Term Financial Plan.</p> <p>MT review the Fixed Asset Register once a year. Property consultants have previously costed repairs over the short to long term which has resulted in regular contributions being made to the earmarked reserves.</p> <p>The Authority's overall assessment is compared through the NPA family indicators. These are reviewed annually by MT.</p>	
G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Does the authority have a sufficiently robust understanding of the risks to its financial sustainability? Does the authority have a strategic plan and long-term financial strategy that adequately address these risks? Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (eg using a technique such as scenario planning)? Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short and medium-term decision making? 	<p>Key assumptions are set out in the budget papers. Whilst a 3-year rolling strategy is published it is part of a 5 year forward look. Staffing remains the largest part of the Authority's budget (68% for 21/22). The pension deficit contribution (based on the latest actuary triennial valuation) is also incorporated with projected increases for both pay and contributions. Whilst there is a 20-year plan by the fund to reduce the deficit the liability remains the largest in the Authority's balance sheet.</p> <p>During 2020/21 the Authority faced the significant risk to reduced tolls income as a result of the pandemic. Expenditure was reviewed and reprioritised to match forecast levels of income whilst maintaining service levels.</p> <p>As mentioned above level of reserves are being reviewed in 21/22. A significant cut in NPG or reduction in tolls could not be sustained on the current recommended minimum (NP 10% for £100k, Nav 10%). It is recognised this would require a significant restructure and identification of areas that would be stopped.</p> <p>Broadland Futures Initiative (BFI) is a partnership with the EA focusing on the long-term risks of climate change,</p>	Look at external funding and pipe line of projects where external funding would be relevant.

Standard	Code Guidance	What we do	What we can improve
		<p>including adaptation. This is a key risk that will impact the Authority in future years.</p> <p>The Corporate and Directorate risk registers identify risks and are classified as people, reputation, assets, finance and performance.</p> <p>The Capital, Treasury and Investment strategy sets out the requirement for prudence, especially in terms of the Prudential Code and the authority's borrowing arrangements.</p>	
H. The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	<p>CIPA Key questions:</p> <ul style="list-style-type: none"> Has the authority prepared a suitable capital strategy? Has the authority set prudential indicators in line with the Prudential Code? Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set? 	<p>The Authority produces an annual Capital, Treasury and Investment strategy. This includes the prudential indicators that the Authority uses. These indicators are estimate of capital expenditure, authorised limit for external debt and operational boundary for debt. The capital financing requirement is calculated as part of the strategy refresh and is reported as a note to the SoA. Whilst affordability is monitored internally these are not published due to being below 1%. The indicators are reviewed annually as part of the strategy renewal. Six monthly updates on the investment performance is provided to ARC.</p>	<p>COVID-19 has presented potential new opportunities for agile working. Post COVID working arrangements will be reviewed during 2021. Although not currently classified as capital Yare House could be considered under a right to use asset as part of IFRS16. This was due to be implemented in 21/22 (CIPFA delayed implantation due to COVID).</p>
I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Does the authority have in place an agreed medium-term financial plan? Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy? Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand? Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand? Does the authority have in place a suitable asset management plan that seeks to ensure 	<p>The Authority publishes it MTFP as part of the annual budget. This is produced on a 3-year rolling basis. It considers known commitments, estimates future levels of income required (NPG and tolls) and inflationary pressures.</p> <p>The MTFP links the Strategic priorities, the business plan, the Broads Plan and the capital strategy.</p> <p>One of the key cost drivers identified is salary increases which is determined through NJC pay awards which the Authority has little control over. The number of visitors visiting the broads is also another key driver which has led to the increase in Ranger services. Covid-19 will no doubt increase the UK's staycation appeal.</p>	<p>Asset strategy puts forward planning onto certain members of staff. CME meeting scheduled for 25/02/21 to look at longer term planning.</p> <p>See F about suggestion of refreshing property maintenance liability.</p>

Standard	Code Guidance	What we do	What we can improve
	that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?	<p>The budget report provides details of the key assumptions and what those variations may mean in terms of budget impact.</p> <p>The Authority has an Asset Strategy in place that is supported by the Capital, Treasury and Investment Strategy.</p>	

Table 4

The annual budget

Standard	Code Guidance	What we do	What we can improve
J. The authority complies with its statutory obligations in respect of the budget setting process	<p>CIPA Key questions:</p> <ul style="list-style-type: none"> Is the authority aware of its statutory obligations in respect of the budget-setting process? Has the authority set a balanced budget for the current year? Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so? 	<p>MT reviews the budget holder requests prior to the budget being produced to ensure they are in line with the Broads Plan and Strategic Priorities. The Authority approves the annual budget and the CFO provides commentary on the estimates made and the adequacy of the reserves. The budget sets out expected income and expenditure for the forthcoming year. This is monitored and reported to committee(s) throughout the year.</p> <p>The budget forms part of the three-year MTFP. Whilst only three years are reported to members workings cover five years.</p> <p>During the COVID-19 pandemic an emergency savings plan was formulated with budget holders and MT to mitigate the impact of lost toll income. A temporary recruitment freeze was also implemented.</p> <p>The budget is currently balanced through the use of reserves. This is considered acceptable given that reserves remain above the recommended minimum but will require intervention in future years to create further savings if income does not rise.</p> <p>The Authority is aware that a s114 notice would be issued if expenditure is likely to exceed the resources available to it or has failed to heed previous warnings from the CFO or the CFO has failed to warn of the risks. It is seen as the last resort.</p>	<p>CFO to review potential MO involvement with the other English NP's and ESC.</p> <p>MT to consider draft priorities for the following year over the Summer.</p>

Standard	Code Guidance	What we do	What we can improve
K. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves? Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case? Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future? Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall? 	<p>Same as J - The budget report includes commentary on the estimates (assumptions) made and the adequacy of the reserves.</p> <p>Same as J - The budget is currently balanced through the use of reserves. This is considered acceptable given that reserves remain above the recommended minimum but will require intervention in future years to create further savings if income does not rise.</p> <p>Although not included in the budget report, the report on setting the tolls for the forthcoming year provides details of the fleets over three years and how they have changed.</p> <p>The Authority's reserves remain above the set minimum and this is detailed within the report.</p>	<p>Where reserves are being used to balance the budget we should include a statement of what alternatives have been considered and how the longer-term impact of the revenue shortfall is being addressed.</p> <p>Budget report to make clear that all staff posts are 100% filled for the financial year and that vacancies creates savings. All posts are considered when a vacancy arises and if there should be a replacement.</p> <p>COVID-19 has meant that level of reserves may not be sufficient for a future pandemic. A review of the recommended levels will be conducted in 2021/22.</p>

Table 5

Stakeholder engagement and business cases

Standard	Code Guidance	What we do	What we can improve
L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget? How effective has this engagement been? What action does the authority plan to take to improve its engagement with key stakeholders? 	<p>Broads Plan engages with a wide variety of stakeholders. A six-monthly Broads Plan newsletter is produced and is available via the website.</p> <p>Stakeholder survey last completed in 2015. The results were reported and an action plan drawn up and used for assisting toll setting.</p> <p>Navigation committee represents the views of toll payers when considering the level of tolls and the activities that maybe funded as a result of any increase.</p> <p>Management team engages with strategic partners at least annually. This includes the hire boat federation, Environment Agency, Natural England, RSPB, wildlife</p>	<p>MT to review last stakeholder survey to determine the cost/benefit for a new stakeholder survey.</p>

Standard	Code Guidance	What we do	What we can improve
		<p>trusts and the LEP. Officers engage in the BFI, catchment partnership, upper Thurne and Broads Tourism which is fed back to management.</p> <p>The Authority previously held six monthly parish forums, post covid these will be reintroduced.</p> <p>The CEO and Chair meet with Norfolk leaders to discuss strategic issues every other month.</p> <p>Safety survey for Hire Boat companies on handover to help determine future resources for safety.</p>	
M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal? Does the authority offer guidance to officers as to when an option appraisal should be undertaken? Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options? Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty? Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)? 	<p>When the Authority was considering the Acle Bridge project an external consultant was used to consider the business case for the site and different operating methods. This was reported to the Authority for consideration and highlighting the need for external investment to help fund the build.</p> <p>The Treasury strategy outlines that projects costing more than £250k will require a costed appraisal, this is not just for the project initiation but over the life of the capital expenditure.</p>	<p>CFO to review IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal (2013) in conjunction with CIPFA's own guide to undertaking an option appraisal: Option Appraisal: A Practical Guide for Public Service Organisations (2017 Edition). Review will indicate whether we need to develop own appraisal methodology and mechanisms to address uncertainty.</p> <p>Appraisal options mainly use NPV but also need to take into consideration economic, cost-benefit, multi-criteria and impact assessments.</p>

Table 6

Monitoring financial performance

Standard	Code Guidance	What we do	What we can improve
N. The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability? Do the reports cover both forward and backward-looking information in respect of financial and operational performance? Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such a contract monitoring data? Are the reports provided to the leadership team in a timely manner and in a suitable format? Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action? 	<p>Finance produce a monthly monitor from the beginning of July onwards. As well as budget holders being able to access and review the spreadsheet MT can as well. Variances are identified by the CFO and discussed at the monthly section head meetings. Where there are significant variances these are brought to the attention of MT. A summary version of the monitor is reported to every committee meeting.</p> <p>One of the key assumptions in the budget preparation is the pay increase. Regular updates are provided as negotiation with the NJC progress.</p> <p>Budget holders are asked to provide updates on the "forecast" which looks forward to the end of the financial year. This is updated and included within the monitor. This has been particularly important for tolls during COVID-19 and budget setting, regarding the number of hire boats likely to be available in 21/22 season.</p> <p>No services are delivered by partnership agreement. Although there are no significant delivery partnerships, six monthly updates on the Broads Plan are produced and reported to the committee.</p>	<p>External funded partnership projects (CANAPE/HLF) to provide 6 monthly updates to MT and determine format for updates to members and regularity.</p> <p>Working on producing reports quicker, however may require different resource (see B above on restructure and system).</p> <p>Already agreed above that adjustments in forecast above £10k will come to MT.</p>
O. The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability? Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet? Is the authority taking action to mitigate any risks identified? Does the authority report unplanned use of its reserves to the leadership team in a timely manner? Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes? 	<p>The pension liability within the balance sheet remains the Authority's single largest liability. Norfolk Pension fund is subject to a triannual valuation process (conducted by the actuary Hymans Roberston LLP) which determines the Authority's contributions for the next three years. This includes those paid over as part of monthly payroll costs and the annual payment to reduce the deficit. The fund operates a twenty-year strategy to bring the fund back to a surplus position and the liability would only crystallise if it left the scheme. The actuary produces an annual report to include a snapshot of the information into the balance sheet.</p>	<p>Future review of Fixed Assets, de-minimis level and depreciation policies to be considered by ARC and adopted by the Authority.</p>

Standard	Code Guidance	What we do	What we can improve
		<p>Whilst debt remains a small part of the Authority, new arrangements require MT sign off so that the long-term affordability is considered against future NPG and Tolls.</p> <p>Fixed Assets are monitored on a quarterly basis with MT reviewing the FAR at year end. The asset strategy makes provision for maintaining the assets in a suitable condition and plans for their replacement.</p> <p>Investments/surplus cash is governed by the Treasury and Investment strategy to secure capital before returns are considered.</p> <p>Debtors/Creditors are reviewed monthly and corrective action is taken accordingly.</p> <p>As part of the regular reporting to members levels of usable reserves are reported highlighting the impact of any variations against budget. If identified unplanned use of reserves would be reported to MT and members.</p>	

Table 7

External financial reporting

Standard	Code Guidance	What we do	What we can improve
P. The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements? Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms? Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom? 	<p>The CFO is aware of their responsibilities in terms of the preparation of the SoA. This involves reviewing CIPFA's Code guidance in any one year and the Accounts and Audit Regulations 2015 (or as amended).</p> <p>These responsibilities are included in the JD and are included in the annual IPR as an objective setting out the relevant timescales.</p> <p>The SoA are prepared on time and in accordance with the code. Any delays in audit have been due to external audits capacity and not the Finance team.</p>	
Q. The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions	<p>CIPFA Key questions:</p> <ul style="list-style-type: none"> Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget? Is the information in these reports presented effectively? Are these reports focused on information that is of interest and relevance to the leadership team? Does the leadership team feel that the reports support it in making strategic financial decisions? 	<p>A final monitor is produced for the year and reported to members highlighting variances +/- £10k. This is then used in producing the budget for the following financial year. Significant variations are considered alongside budget requests. Consistent underspends are challenged.</p>	<p>Refresher training for budget holders to be provided in 2021 to remind budget holders the importance of the review and responding in a timely manner to help support future strategic decisions.</p>

Audit and Risk Committee

20 July 2021

Agenda item number 12

Investment Strategy and Performance Annual Report 2020/21

Report by Chief Financial Officer

Summary

This report sets out details of the Authority's investment of its unallocated cash, including the investment principles adopted and performance during the twelve months to 31 March 2021.

Recommendation

To note the arrangements regarding the investment of the Authority's unallocated cash.

1. Introduction

- 1.1. It has been agreed that a six-monthly report on the performance of the Authority's investments will be presented to the Audit and Risk 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 unallocated cash was governed by the Authority's Treasury and Investment Strategy 2020/21 agreed under emergency delegated powers on 24 April 2020.
- 2.2. Unallocated cash sums are calculated by the Authority's Finance staff and transferred to either a Fixed Term Deposit or Notice Account, or remain within the instant access bank account. Cash flow requirements can result in transfers in both directions as the year progresses. The key facts for the year to 31 March 2021 are below.

Table 1

2020/21 Summary

Account type	Opening balance £000's	Closing balance £000's	Highest sum £000's	Lowest sum £000's
Instant Access	593	2,509	2,509	593
Fixed Term	2,000	0	2,000	0
95 Day Notice Account	1,500	2,500	2,500	1,500
32 Day Notice Account	502	503	503	502

2.3. The figures for the previous year (2019/20) were:

Table 2

2019/20 Summary

Account type	Opening balance £000's	Closing balance £000's	Highest sum £000's	Lowest sum £000's
Instant Access	1,140	593	2,124	569
Fixed Term	2,000	2,000	2,000	2,000
95 Day Notice Account	1,500	1,500	1,500	1,500
32 Day Notice Account	0	502	502	0

- 2.4. The amount of interest received during 2020/21 was £22,334.14 based on interest rates ranging from 0.01% to 1.1%. Forecast interest for 2020/21 was £22,000. The sum received for 2019/20 was £49,014.41 based on interest rates that ranged from 0.1% to 1.1%.
- 2.5. The balance on the 32-day notice account has remained the same since 31 March 2020 apart from small amounts of interest being added. The instant access has increased to £1.916 million and the 95-day notice by £1 million due to the poor rates available when the fixed term deposits matured in September and March. The uncertainty on the collection of the remaining hire income in September 2020 meant it was not prudent to reinvest at that stage.
- 2.6. It should be noted that the automatic transfer between the instant access and the current account seeks to maintain a current account balance of £1,000. This means that the balance within the instant access is not available in its entirety for investment. Cash

flow is monitored on a weekly basis against budget profiling to ensure access to sufficient funds. The possibility to make additional fixed term deposits are limited due to very low interest rates and the timing differences between external funded projects grant expenditure and claim repayment.

- 2.7. The interest income budget for 2021/22 is £13,500, which assumed that interest receivable would be broadly in line with that received in 2020/21. Since the budget was set, interest rates available have decreased further. Current interest rates indicates that for 2021/22 £7,000 may be all that is achievable without diversification into different types of accounts or products. This will be investigated further over the summer and reported back to this Committee in September.

Author: Emma Krelle

Date of report: 16 June 2021

Background papers: Capital, Treasury and Investment Strategy 2020/21

Audit and Risk Committee

20 July 2021

Agenda item number 13

Implementation of Internal Audit recommendations – summary of progress

Report by Chief Financial Officer

Summary

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

Recommendation

To note the report.

Contents

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1. Introduction

- 1.1. This report gives an update on implementing the Authority's Internal Audit report recommendations, focusing on outstanding recommendations and timescales to complete outstanding work.
- 1.2. Appendices 1 and 2 give details of the audits carried out in 2018/19, 2019/20 and 2020/21, in particular:

- recommendations not yet implemented;
- recommendations implemented since the last meeting; and
- new recommendations since the last meeting.

2. Summary of progress

- 2.1. Since the previous report to this committee in March, one of the Procurement and four of the Planning outstanding recommendations have been completed.

3. Internal Audit Programme 2020/21 and 2021/22

- 3.1. The final three audits on Key Controls, Corporate Governance and the Port Marine Safety Code audit have now been completed. The first audits from the 2021/22 plan are not scheduled to start until quarter three. This includes key controls, HR and Payroll and Cyber Security. The results of these audits will be reported to this committee in February 2022.

4. Key Controls

- 4.1. The objective of this audit was to look at the fundamental systems that feed into the statement of accounts to provide assurance on the key controls. The areas reviewed as part of this audit were Treasury Management/Investments, General Ledger, Asset Management, Budgetary Control, Accounts Receivable, Accounts Payable, Payroll, Toll Income, Control Accounts, and Follow Up of Internal Audit Recommendations. This resulted in a “reasonable” audit opinion, with five “needs attention” recommendations being raised (see Appendix 3). The previous audit report for Key Controls in January 2020, with a “substantial” opinion, contained no recommendations.
- 4.2. Good practice was noted relating to sound controls in place and operating consistently. These were:
- Clear controls were shown to be in place with respect to Purchase Orders and authorisation, which were shown to be functioning as expected.
 - Starters, leavers and change in circumstances were operating as expected.
 - Reporting and data processing were operating as expected with regards to Payroll.
 - Additional payment claims were shown to be processed and authorised correctly.
 - Toll Income Reconciliations, Batches, and Payments were shown to be completed and controls were in place.
 - Creditor and Debtor accounts were reconciled with no balancing items.
 - Bank Reconciliations were prepared and subject to review.

- 4.3. Of the five recommendations, four have now been completed. Two of these were completed since the production of the Annual Audit opinion (agenda item 7 on this agenda).

5. Corporate Governance and Risk Management

- 5.1. The objective of this audit was to look at the Authority's response to Covid-19 in the administration of committee meetings, including virtual meetings and the decision-making process. The audit also covered the Authority's corporate risk management process and how the Covid-19 risk has been incorporated into this. This resulted in a "reasonable" audit opinion, with one "important" and three "needs attention" recommendations being raised (see Appendix 3).
- 5.2. The audit of Corporate Governance is carried out annually to support the Head of Internal Audit Opinion (see agenda item 7).
- 5.3. Good practice was noted relating to sound controls in place and operating consistently. Where good practice was identified, internal audit will be sharing details of these operational provisions with other member authorities in the Consortium.
- 5.4. Those relating to changes to committee meetings were:
- The Moderator's role at virtual meetings includes preparing pre-meeting briefing notes for remote meeting processes. To facilitate this, there is a template on the Document Management System (DMS) for each committee where notes are updated before each meeting, with the agenda running order and anything else the Chair needs to know for that meeting, including any items of urgent business, which officer will be presenting particular items, and whether any specific items are for adoption or endorsement. These notes were prepared when committees were held physically, but now tend to be more detailed due to the requirements of virtual meetings. This assists in the provision of effective committee meetings.
 - The Moderator's role at virtual meetings includes: checks audio and visual connections, and assists with minor IT issues (access to IT officers if needed); advises the Chair about lost connections; mutes/unmutes participant microphones; monitors 'raised hands' feature; and supports officers with 'shared screen' presentations. This assists in the provision of effective committee meetings.
 - 'Standing Orders for the Regulation of Authority Proceedings: Remote meeting procedure rules' has been produced to account for the changes made in the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020. This is, in effect, mandatory standing orders for those authorities that wish to hold meetings remotely, either wholly or partially. This therefore provides the means and guidance for the conduct of any remote meeting of the Authority.
- 5.5. Those relating to decision making were:

- All Members attending committee meetings have been offered 1-2-1 support from both the Governance team and the IT team and this support is ongoing. To further support members, there is a 'Lifeline remote meeting protocol and guidance for BA members' document, which is accessible to all members. This assists in the provision of effective committee meetings.
- A report detailing the 'Response to the COVID-19 emergency and the financial position of the Broads Authority and local businesses' is prepared and reported to committee (both the Broads Authority and Audit & Risk Committee) on a regular basis since the pandemic started. This provides a timely update to Members and provides the information for informed decisions to be made.
- Lessons learned are being captured on an ongoing basis, as a result of feedback from staff surveys undertaken and from the Authority's overall response to the pandemic. This provides opportunity for ways in which to increase the efficiency and effectiveness of processes and to build on experience.

5.6. Those relating to risk management were:

- The pandemic risk has been considered in the corporate risk assessment process and a risk in relation to this has been included in the corporate risk register. This provides ongoing monitoring of this risk, an assessment of the likelihood and impact, and the mitigation in place to address this risk.

5.7. All four recommendations have now been completed.

6. Port Marine Safety Code

6.1. The objective of this audit was an independent audit of the Authority's Safety Management System (SMS) (the Authority's own Port Marine Safety Code). The Port Marine Safety Code (PMSC) requires that Harbour Authorities should include provision for a systematic review of performance based on information from monitoring of the whole system. An audit and review of the marine SMS takes place every three years, informing the three-yearly publication of the marine safety plan and the Authority's performance against the previous plan, as required by the PMSC. This resulted in a "reasonable" audit opinion with three "important" and five "needs attention" recommendations being raised (see Appendix 3).

6.2. Areas where sound controls are in place and operating consistently relating to Governance were:

- The Head of Safety attends all Boating Safety Management Group (BSMG) meetings. The BSMG provides advice on the ongoing maintenance and delivery of the Marine Safety Management System, provides advice and recommendations on boating and navigational safety, and acts as a consultative forum to facilitate two-way communications between the Broads Authority and other authorities and organisations with direct involvement in safety on the waterways.

- The Broads Authority (BA) identifies itself as the Duty Holder in the BA Port Marine Safety Code (PMSC) which is published on the BA website, stating that the members are severally and collectively the Duty Holder. This facilitates the Duty Holder making a clear published commitment to comply with standards laid down in the national PMSC.
- The roles and functions of key staff are outlined in the BA PMSC including the Director of Operations, Head of Safety Management and Head of Ranger Services. This ensures the roles associated with the PMSC are clear.
- The BA has an Enforcement Policy in place for the Navigation functions which was recently reviewed and updated in the 2020/21 financial year. This assists in meeting the requirements of the national PMSC, i.e. that identified marine risks must be backed by an appropriate policy on enforcement.

6.3. Those relating to risk assessments and hazards were:

- Six monthly and annual incident reports are reported to the BSMG and Navigation Committee enabling the regular reporting of incidents and subsequent actions to address these where appropriate.

6.4. One of the recommendations has been completed with the remaining on target for completion.

Author: Emma Krelle

Date of report: 17 June 2021

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

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

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

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

Table 1

Branding - April 2019

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>2. Broads Authority branding - strategies, guidelines / procedures</p> <p>The Broads Authority Communications Policy be updated to include the roles and responsibilities for overseeing management of correct branding. This should be included within a separate branding section which the policy does not currently have. This should make the branding area more easily to locate within the policy and helps mitigate the risk that responsibilities for branding are unclear.</p>	Needs Attention	Head of Communications	<p>New communications strategy delayed by COVID comms activity but many elements completed and anticipate strategy will be in place by end Sept 2020</p> <p>Update: New 'branding' area on intranet developed that incorporates updated and new documents, including:</p> <ul style="list-style-type: none"> • Communications Team Guide • BA Brand guidelines • BA brand guidelines supplement • BA language style guide • Words commonly used in BA publications • BA signs guide 	<p>By 31/10/19</p> <p>Updated to 31/10/21</p>

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
			<ul style="list-style-type: none"> Logos and templates for letterheads, reports and PowerPoint presentations. Instructions for email signatures added Nov 2020. Full strategy overview not yet written due to rescheduled priorities in 2020; due to be completed by October 2021.	
<p>5. Broads Authority branding - use of the Broads Authority logo</p> <p>A review and update of the communications page on the Authority's intranet be undertaken once the national parks' branding strategy and associated documents, including the local broads national park strategy and Broads Authority Communications Policy, are finalised. This should be re-launched with staff including the provision of staff and member training in relation to branding, incorporating the use of both the Broads Authority logo and Broads National Parks logo. The communications intranet page should include the communications team details; branding strategies and communications policy; and the Broads Authority New Signs guide.</p>	Needs Attention	Head of Communications	<p>Agreed. Intranet content to be produced in conjunction with strategy, guidelines and procedures. Awaiting completion of new communication strategy (see recommendation two above)</p> <p>Update: As per recommendation 2 above – all completed except overarching strategy document, now due October 2021.</p>	<p>By 31/10/19</p> <p>Updated to 31/10/21</p>

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

Table 2

Procurement – December 2019

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>6. Procurement</p> <p>To consolidate the standard terms document with the contract conditions outlined in the CSOs to have an overall set of terms and conditions. These should be consolidated in conjunction with the Broads Authority's legal advisor and included within the CSOs.</p> <p>A consolidated set of terms and conditions protect the purchaser against unforeseen financial losses, e.g. goods not delivered as agreed, mitigating the risks of delay in services/goods and quality of goods which could also lead to a poor reputation.</p>	Needs Attention	Chief Financial Officer	<p>Agreed. Standard terms and conditions to be drawn up with legal provider, including conditions for contracts over £5k. Work initiated with our Legal provider.</p> <p>Completed.</p>	<p>By 31/03/20</p> <p>Updated to 31/03/21</p>
<p>7. Procurement</p> <p>Procurement training is provided to all relevant members of staff, and Members, where applicable. Up to date procurement training ensures that staff are aware of and are adhering to the correct guidelines, thereby mitigating the risk of non-compliance with CSOs and OJEU requirements</p>	Needs Attention	Chief Financial Officer	<p>Agreed.</p> <p>Update: Delayed due to ongoing work on COVID-19 response, the Statement of Accounts and budget preparation for 2021/22.</p>	<p>By 30/06/20</p> <p>Updated to 31/08/21</p>

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

Table 3

Planning – February 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Enforcement Where complaints are received these should be retained on file and acknowledged within three working days as stated in the Local Enforcement Plan. Acknowledging complaints on time provides early reassurance that the complaint has been received and is being dealt with. This helps to reduce the risk of the Authority receiving the same complaint multiple times thereby wasting resources in handling them.	Important	Head of Planning	Agreed. Process note from 01/03/2021 completed.	By 01/04/2021
2. Enforcement Complainants should be provided updates of the enforcement investigation being carried out by the Authority within 20 working days as stated in the Local Enforcement Plan. Providing complainant with timely updates on progress of enforcement complaint investigation will reassure the public of work carried on by the Authority in enforcing planning breaches.	Important	Head of Planning and Planning Officer (Compliance and implementation)	Agreed. Process note from 01/03/2021 completed.	By 01/04/2021
3. Planning Applications The monthly planning fees reconciliation should be	Needs Attention	Senior Planning Officer	Agreed.	By 01/05/2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>reviewed by a senior officer, other than the one preparing it, which is then signed and dated by both the preparer and the reviewer on completion to evidence this.</p> <p>Reviewing the planning fees reconciliation by a senior officer other than the one preparing it will ensure completeness and accuracy of the application fees received by the Authority and provides segregation of duties. This will mitigate the risk of financial loss to the Authority.</p>			Process note from 01/03/2021 completed.	
<p>4. Enforcement</p> <p>The process for new enforcements be completed including the timescale for completing each stage of the enforcement process.</p> <p>Having a documented process for process enforcement cases will ensure uniformity in the services provided to customers. This will mitigate against irregularity in staff handling of enforcement cases.</p>	Needs Attention	Head of Planning	Agreed. Process note from 01/03/2021 completed.	By 01/05/2021
<p>5. Enforcement</p> <p>The date the complaint is received by the Authority to be recorded in the Uniform and Idox system.</p> <p>The actual complaints received date should be recorded on the system to ensure the performance indicators stated in the Local Enforcement Plan are being adhered to. This is reduced the risk of delay in</p>	Needs Attention	Planning Technical Support Officer	Agreed. Process note from 01/03/2021 completed.	By 01/04/2021

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

Table 4

Key Controls – May 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Treasury Management Investment authorisation via email should be documented and evidenced on the investment record. Without authorisation on the investment, evidence of authorisation may be lost or misunderstood by those viewing the investment. A complete record, including the authorisation, demonstrates mitigation against lack of segregation of duties and compliance with policy.	Needs Attention	Chief Financial Officer	Agreed. An email authorisation will be included in investment folder the next time an investment is made. Completed.	By 30/06/2021
2. General Ledger	Needs Attention	Senior Finance Assistant/	Agreed and completed. The email authorisation is already being	Completed.

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
Journal authorisation via email should be recorded on the journal. A complete record, including the authorisation, demonstrates mitigation against lack of segregation of duties.		Financial Accountant	included within the journal file and stored centrally on the S Drive.	
3. Asset Management Documented procedures are produced for the quarterly identification of assets and update of the Fixed Asset register. This helps reduce the risk that procedures are not applied consistently and the update of the fixed asset register is delayed.	Needs Attention	Financial Accountant	Agreed and completed.	Completed.
4. Asset Management The asset management annual reconciliation is signed and dated by the preparer - the Chief Financial Officer. This mitigates the risk that the reconciliation is not undertaken in a timely manner and segregation of duties are not in place.	Needs Attention	Chief Financial Officer	Agreed. This will be completed for the 20/21 reconciliation. Completed.	By 31/05/2021
5. Accounts Payable New supplier procedures should be reviewed and updated annually, with the review recorded, to ensure they remain reflective of current practise. Without annual review the procedures risk becoming outdated and not reflective of current practices.	Needs Attention	Financial Accountant	Agreed. Annual review has been scheduled.	By 30/09/2021

Table 5

Governance and Risk Management – March 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Decision Making The Actions/Key Messages Log is fully populated from the covid-19 Incident Response Team minutes held to date. This assists in mitigating the risk that there is an incomplete record of actions and decisions which could lead to key actions not being completed or not being completed in a timely manner.	Important	Head of Governance	Agreed. The process of transferring key actions and other relevant updates to the BCP Covid-19 log is in progress. Completed.	By 31/05/2021
2. Changes to committee meetings In relation to the document management system (DMS), the following is undertaken: - Notes are added to deferred items to explain which committee date the item has been deferred to; and - To review if there is a way to match up/link the items on the forward plan to the generated items area. This mitigates the risk of not having a completed audit trail in place resulting in key items of business/decisions being missed if deferred matters are not assigned to the next convenient meeting.	Needs Attention	Head of Governance	Agreed. Notes added to deferred items. Governance team liaising with IT on whether more metadata can be added to improve the link between items in the Forward Plan and in the confirmed (generated report) area.	By 31/07/2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
3. Decision making All members are contacted to ask them to confirm that their Declaration of Interests is complete, up to date and accurate for the 2020/21 financial year. Without robust management of conflicts of interest there is a risk of lack of transparency in objective decision-making. Further there is risk that the decision will be retrospectively disputed and a risk to the reputation of the Authority.	Needs Attention	Head of Governance	Agreed. Completed.	By 30/04/2021
4. Use of Emergency Powers The summary of progress table to be updated to include the delegated power used in respect of the Residential Moorings Guide second round consultation and this is reported to the Broads Authority. This helps mitigate the risk that the constitution is not followed and the route by which decisions are made is not transparent.	Needs Attention	Head of Governance	Agreed. Completed.	By 31/05/2021

Table 6

Port Marine Safety Code – June 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Governance The PMSC Performance Indicators (PIs) published within the authority's PMSC and those published on the authority's website be reviewed to ensure they are consistent with each other and reflect all areas of the PMSC. The website should also be updated to reflect the latest annual PI outturns. This helps reduce the risk that performance of the PMSC is not reported in a consistent and timely manner leading to ambiguity over whether the PMSC is performing well and meeting targets as planned.	Important	Head of Safety Management	PMSC indicators reviewed against Authority's IRIS system and reported to Broads Authority on 30 April 2021.	Completed
2. Governance The three-yearly statement of compliance with the code be signed and retained on file for future reference. This assists in mitigating the risk that the authority does not formally review compliance on a three-year basis as prescribed.	Important	Head of Safety Management	Statement being updated to reflect recent changes following audit. BA Chair to agree and sign completed statement.	By 31/10/2021
3. Pilotage The General Direction for larger vehicles and navigation on works Guidance be finalised.	Important	Head of Ranger Services	General Directions rarely used by Broads Authority - most directions are 'Special'. This	By 31/10/2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
This helps mitigate the risk that sufficient navigation rules are not in place and navigation of the broads is not managed as effectively and safely as required, in relation to larger vehicles.			requirement will require legal inputs and cost benefit analysis to assess its viability. Current requirements are met using Special Directions.	
4. Governance PMSC related documents and files, location and storage (both electronic and hardcopy) is reviewed to ensure these can be accessible to relevant members of staff on a timely basis. This helps mitigate the risk that key documents cannot be located in a timely manner leading to gaps in the safety management system.	Needs Attention	Head of Safety Management	Files and documents being migrated to DMS. New MARNIS (Port marine management software) being implemented will assist with data collection and reporting.	By 31/10/2021
5. Governance The BA PMSC be updated to reflect the inclusion of consultation with employees' forum (or equivalent) and health and safety committee. To reduce the risk that key aspects of the PMSC are not communicated with the Authority's employees and contributes towards the Authority demonstrating its commitment to engaging with users.	Needs Attention	Head of Safety Management	New standing item added to Health & Safety Committee agenda to capture and disseminate highlighted organisation-wide issues.	By 31/07/2021
6. Governance The documents, reference numbered within the Broads Authority (BA) PMSC, are reviewed to ascertain their	Needs Attention	Head of Safety Management	Review to be undertaken.	By 31/10/2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
location and to appraise whether they are still relevant to the up to date safety management system in place, taking into account the requirements of the national PMSC document and the Guide to Good Practice for Marine Operations. This helps mitigate the risk that the BA PMSC is out of date and refers to non-existent and/or obsolete supporting documents.				
7. Governance All relevant employees to be required to read and sign a copy of the PMSC on an annual basis. This assists in reducing the risk that employees are not familiar with the PMSC, leading to non-compliance with it.	Needs Attention	Head of Safety Management	Refresher training to be given at team meetings and attendance and signatures to be obtained.	By 31/10/2021
8. Pilotage The Pilotage Policy be amended to reflect that it will be updated each time it is used, as opposed to annually and the PMSC is updated to reflect this. This reduces the risk that the policy is not updated in a practical and timely manner.	Needs Attention	Head of Ranger Services	Review to be undertaken on Pilotage Policy to reflect current operations.	By 31/10/2021

Audit and Risk Committee

20 July 2021

Agenda item number 14

Corporate Risk Register – 6-month review

Report by Head of Governance

Summary

The Broads Authority's Corporate Risk Register has been reviewed and updated as part of a biannual review cycle.

Recommendation

To approve the updated Corporate Risk Register (July 2021).

1. Introduction

- 1.1. The Audit and Risk Committee's responsibilities for risk are set out in the Committee's Terms of Reference. For the Corporate Risk Register (previously called the Strategic Risk Register), these responsibilities are to make sure the Register adequately addresses the Authority's risks and priorities; to monitor the effective development and operation of the Authority's risk management; and to monitor progress in addressing risk-related issues reported to the Committee, and seek assurance that risks are being managed within the risk appetite of the Authority.
- 1.2. The Corporate Risk Register sets out the 'across the board' risks that could threaten the Authority's core business and the way it operates. Below this are Directorate Risk Registers, which identify risks that could threaten day-to-day operational activities. These Registers are managed by each Director. Where a new risk identified within a Directorate has a revised risk score above 16 (high risk), it is automatically referred to the Corporate Risk Register for monitoring by the Audit and Risk Committee and the Management Team. If new mitigation measures put in place then reduce the risk's score to below 16 (moderate to low risk), the risk is removed from the Corporate Risk Register, but retained on the Directorate Risk Register.
- 1.3. The Authority also has a Risk Management Policy, which sets rules and standards for managing strategic and operational risk, and guides staff in assessing, monitoring and managing risk. The policy is reviewed every two years, and is next due for review in January 2022.
- 1.4. The Management Team has overall responsibility for the risk registers and policy, working with the Head of Governance, and risk owners are responsible for reviewing

and updating their individual risks. Every risk is reviewed at least six-monthly, or when there is a significant change in circumstances. The registers are maintained on the Authority's intranet.

2. Review of risk registers

- 2.1. The Corporate Risk Register was reviewed by the Management Team and Head of Governance on 18 June, and the updated register is at Appendix 1. A new risk has been added relating to serious incidents on the waterways.
- 2.2. The Directorate Risk Registers were also reviewed, and no risks within these registers are recommended for referral to the Corporate Risk Register.

Author: Maria Conti

Date of report: 22 July 2020

Appendix 1 – Corporate Risk Register (July 2021)

Broads Authority Corporate Risk Register (update July 2021)

Risk no.	Primary impact areas People, assets, finance, performance, reputation	Risk name Risk that may affect the BA	Risk description Impact on delivery of BA objectives, service delivery, reputation	Date first entered on risk register	Initial likelihood Score 1-5	Initial severity Score 1-5	Initial risk score Likelihood x severity	Tasks to mitigate risk Controls/safeguards/precautions to date, noting any other factors that may influence the risk	Revised likelihood Score 1-5	Revised severity Score 1-5	Revised risk score Likelihood x severity	Additional actions required What we plan to do within the next 12 months	Risk owner ultimately responsible for risk
1	People, performance	Loss of key staff	Loss of working knowledge, expertise and/or close partnership associations due to key staff leaving Authority or being unavailable for long periods.	19/8/2019	4	4	High risk 16	Resilience plan in place for handover period when key staff leave Authority or are unavailable for significant periods. HR policies and procedures in place to monitor absence and to support staff retention. Electronic data storage under review to allow access to any officer's files. Business Continuity Plan in place with systems back up. Plan reviewed annually (or following significant incident). Remote server enables office-based staff to work from home if required (e.g. period of quarantine).	3	3	Medium risk 9	Implement MS Teams to share data across Authority more effectively. Implement hybrid working to increase flexible working options. Review Business Continuity Plan and report to ARC (July).	Chief Executive
2	Reputation	Harmful actions undermining public confidence in Broads Authority	Reputational damage caused by comments or actions by Authority members or officers, with consequent harm to relationships with stakeholders and/or undermining of public confidence in Authority.	19/8/2019	2	4	Medium risk 8	Code of Conduct for Members in place containing Nolan Principles of Conduct, and training given to all Members. Code of Conduct for Officers included with HR policies. Director trained in Data Protection and GDPR; staff have specific data protection training, refreshed annually. Protocol on Member and Officer Relations in place. Proactive communication policies relating to local and social media in place. Monitoring Officer and Deputy Monitoring Officer in place (service agreement with East Suffolk Council), with specialisms in Local Authority governance.	2	3	Medium risk 6	Complete review and update of constitutional documents (incl. Code of Conduct) and supporting guidance by end of 2021.	Chief Executive
3	Assets	Loss of key physical assets	Damage to, loss of or malfunction to key assets, impacting on BA operations/ duties and public access or services (e.g. navigation,	19/8/2019	3	4	Medium risk 12	Asset Management Strategy in place. Integrated Access Strategy and Moorings Strategy in place (updated 2019). Rail bridges: Legal undertaking in place with Network Rail regarding bridge maintenance and operations. BA in	3	2	Medium risk 6	Implement action plan to consolidate network of mooring provision across system	Director of Operations

Risk no.	Primary impact areas People, assets, finance, performance, reputation	Risk name Risk that may affect the BA	Risk description Impact on delivery of BA objectives, service delivery, reputation	Date first entered on risk register	Initial likelihood Score 1-5	Initial severity Score 1-5	Initial risk score Likelihood x severity	Tasks to mitigate risk Controls/safeguards/precautions to date, noting any other factors that may influence the risk	Revised likelihood Score 1-5	Revised severity Score 1-5	Revised risk score Likelihood x severity	Additional actions required What we plan to do within the next 12 months	Risk owner ultimately responsible for risk
			moorings, Mutford Lock, rail bridges, Port of Norwich).					Working Group with Norfolk County Council, New Anglia and Network Rail. Insurance in place for equipment and buildings over £250 - cover includes business interruption for Yare House and Dockyard. Landowner negotiations processes in place. Programmed inspection regime in place and regular maintenance carried out.				Review Integrated Access Strategy action plan.	
4	Finance	Reduction in income	<p>Uncertainty about National Park and/or Navigation funding, as any reduction would affect our ability to deliver our duties, e.g.</p> <ul style="list-style-type: none"> Awaiting NPG funding confirmation from Defra Loss of toll income due to changes to/ impacts on local tourism industry) <p>Loss of money as a result of fraud incident against the BA, including cybercrime</p>	19/8/2019	3	5	Medium risk 15	<p>Regular contact with Government (DEFRA) regarding Comprehensive Spending Review.</p> <p>Consideration of external funding opportunities to plug any gaps.</p> <p>Regular input to Government consultations.</p> <p>Prudent budgeting for Navigation and National Park expenditure. Reserves in place to mitigate against sudden drop in income.</p> <p>Significant blocks of work delivered through external funds won by Authority.</p> <p>Training in cybercrime given to all budget holders.</p>	2	3	Medium risk 6	<p>Model expenditure options depending on proposed grant settlement and toll increases (Sept 2021).</p> <p>Review impact of Covid-19 restrictions on boat numbers and levels of Authority reserves (monthly and in advance of tolls setting process).</p> <p>Review minimum reserve levels in summer 2021 to mitigate any future pandemic impacts.</p> <p>Achieve cyber essentials accreditation.</p>	Chief Financial Officer
5	People, performance	Large-scale public health crisis	Significant public health crisis (e.g. pandemic), where Government imposed measures affect	02/07/2020	5	5	High Risk 25	Strict adherence to Government guidance and mitigation measures in place for staff, volunteers and members.	5	4	High Risk 20	Review ongoing use of head office at Yare House and staff working	Chief Executive

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			the continuity of the BA's operational services and prevent visitors accessing the Broads for prolonged periods. (also see risk no.4)					Yare House, TICs and remote offices and facilities risk assessed and WFH measures in place for staff (where role allows). Key services (Safety Management) maintained within executive area. Clear and concise internal and external communications in place. Business continuity/disaster recovery plan and incident reporting system in place and reviewed regularly. Incident response team meet as required to determine appropriate actions, services and measures to respond to crisis. Broads Authority convened to establish emergency powers and delegated powers needed to run the Authority. Communication links in place with relevant Government departments to assess measures, clarify advice and safeguard funding. Key services, budgets and reserves reviewed to safeguard delivery of Broads Plan priorities and externally funded projects.				patterns as COVID restrictions ease; keep measures in place to return to lockdown restrictions if required.	
6	Performance	Failure to meet statutory purposes or requirements of other relevant legislation	Underperformance in achieving, or conflict between, our statutory purposes resulting in legal issues or adverse impacts on the Broads and stakeholders (e.g. contravening Habitats Directive, loss of navigation access).	19/8/2019	3	5	Medium risk 15	Provision of external legal services and Monitoring Officer (MO) in place. Constitutional documents in place and regularly reviewed. Strategic plans (incl. Broads Plan) and Broads Local Plan subject to review and to Sustainability Appraisal/SEA and Habitats Regulations Assessment. Detailed environmental practices in place, including Environmental Standard Operating Procedures. Collaborative working in place with key stakeholders to understand and address issues and risks. Officer level project boards in place with Wildlife Trusts, Natural England and	2	2	Low risk 4	Monitor external legal and MO services on a quarterly basis. Review Broads Plan (timetable to BA July 2021). Commence review of Broads Local Plan.	Chief Executive

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								Environment Agency to monitor progress and ensure compliance with statutory regulations. Scientific research and monitoring ongoing to assess impacts, and mitigation measures developed if potential harm identified.					
7	Performance	Failure in role as local planning authority and in meeting national planning performance targets	Underperformance of planning function, resulting in legal issues/ negative impacts.	19/8/2019	3	4	Medium risk 12	Statutory duties identified as part of appraisal process with key staff. Staff training in place. Planning delivery monitored formally (Planning Committee review performance quarterly and appeals annually).	2	4	Medium risk 8	Monitor planning delivery on a quarterly basis.	Director of Strategic Services
8	People	Safety-related incidents (operational works) resulting in death or serious injury	Death or serious injury to officer, volunteer or member of public in relation to the carrying out of operational works.	19/8/2019	5	5	High risk 25	Health and safety policies in place and reviewed regularly by H&S Committee and risk owners. H&S Committee monitors and reviews incident reports; risk assessments reviewed and updated regularly. All staff and volunteers trained in key H&S issues; regular tool box talks given before carrying out tasks. Safety observations ONS system in place to catch near misses and learn from incidents. All accidents investigated; regular audits used to check control measures. Insurance in place for legal expenses. Quarterly reports on H&S monitoring assessed by Management Team. Safety system externally audited to ensure fit for purpose and compliance.	2	5	Medium risk 10	Monitor changes in H&S legislation. Monitor industry best practice and implement changes where required. Review Codes of Practice to maintain operational suitability and safety (end 2021). Carry out internal review of key H&S legislation to ensure Authority processes are appropriate (end 2021).	Director of Operations
9	Reputation	Safety-related incidents (boating) resulting in	Failure to exercise powers as a navigation authority and licencing authority, resulting in death and injury to boat	18/06/2021	5	5	High risk 25	Safety videos provided to boat hirers in advance of holiday.	4	5	High Risk 20	Review hire boat licensing scheme. Review and respond to findings of MAIB	Director of Operations

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		death or serious injury	hirers due to poor performance by hire boat operators.					Ranger services in place (additional Rangers recruited in 2021) providing advice to waterways users. Survey of HBO handover procedures carried out to assess efficacy. Broadcaster, pre-visit training videos and other safety information provided to boat hirers. Hire Boat licensing and audit of licensees in place. Boat Safety Scheme and inspections in place. Compulsory 3 rd party insurance in place for boats.				investigation into incident at Great Yarmouth. Implement findings of PMSC audit.	
10	Reputation, performance	Disruption to key project partnerships	Failure to deliver Defra funded schemes and partnership projects on time and within budget, leading to potential financial issues, lack of service delivery or adverse publicity.	19/8/2019	3	4	Medium risk 12	Contractual arrangements in place for key partnerships (see Partnerships Register). Projects risk registers maintained for CANAPE and Water, Mills & Marshes projects. Regular project progress reported to Broads Authority. Proactive role maintained within formal and informal partnerships at officer and member level. Regular meetings held with funders to discuss progress and highlight issues in timing or delivery.	3	3	Medium risk 9	Review Partnerships Register (Nov 2021). Develop medium term funding model for UK National Park Comms Team. Set up internal project board and risk register for Farming in Protected Landscapes (FiPL).	Chief Executive
11	Performance	Breach in data security or data protection, or loss of data.	Failure by staff to follow IT and/or GDPR processes or protocols, resulting in in-built security being bypassed and allowing data loss or data breach.	19/8/2019	4	4	High risk 16	Data/IT systems secured through firewalls, anti-virus software, password and security policies, online training for staff and HR policy. Bi-annual internal audit of IT systems and processes carried out. Certified GDPR Data Protection Officer(s) and GDPR Compliance Plan in place, and data protection training given to all staff.	2	4	Medium risk 8	Monitor and review case law and keep up to date with GDPR & data protection information/best practice. Provide refresher GDPR & Data Protection online training via ELMS	Director of Operations

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								ICT security protocols reviewed in light of staff working from home to ensure compliance.				to all staff (by end 2021).	

Prepared by: Management Team, Head of Governance

Date updated: July 2021

Next update due: Jan 2022